REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WILLIS: Committee on the Judiciary. H.R. 11846. A bill to amend the provisions of title 18 of the United States Code relating to offenses committed in Indian country; without amendment (Rept. No. 1838). Referred to the House Calendar.

Mr. SPENCE: Committee on Banking and Currency. H.R. 11500. A bill to extend the Defense Production Act of 1950, as amended, and for other purposes; with amendment (Rept. No. 1839). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. S. 1264. An act for the relief of Capt. Dale Frazier; with amendment (Rept. No. 1840). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. House Resolution 690. Resolution providing for sending the bill (H.R. 7618) authorizing the payment of certain moneys to N. M. Bentley in settlement of claim against the United States, together with accompanying papers, to the Court of Claims; without amendment (Rept. No. 1841). Referred to the Committee of the Whole House.

Mr. LIBONATI: Committee on the Judiciary. H.R. 1660. A bill for the relief of Margaret MacPherson, Angus MacPherson, Ruth MacPherson, and Marilyn MacPherson; with amendment (Rept. No 1842). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 3134. A bill for the relief of Alvin Bardin; with amendment (Rept. No. 1843). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 4950. A bill for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles; without amendment (Rept. No. 1844). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 5312. A bill for the relief of certain additional claimants against the United States who suffered personal injuries, property damage, or other loss as a result of the explosion of a munitions truck between Smithfield and Selma, N.C., on March 7, 1942; with an amendment (Rept. No. 1845). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 7469. A bill for the relief of Daniel Walter Miles; with amendment (Rept. No. 1846). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 8201. A bill for the relief of Sp. 5C. Curtis Melton, Jr.; with amendment (Rept. No. 1847). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 9894. A bill for the relief of Loretta Shea, deceased, in full settlement of the claims of that estate; without amendment (Rept. No. 1848). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 11863. A bill for the relief of Vernon J. Wiersma; without amendment (Rept. No. 1849). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOGARTY:

H.R. 12199. A bill to prohibit the sending as franked mail of solicitations for the transfer of one State to another State of business enterprises and operations, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HARRIS:

H.R. 12200. A bill to amend section 6(2) of the Interstate Commerce Act to authorize the Interstate Commerce Commission to require the cancellation of any international through route or joint rate under certain circumstances; and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 12201. A bill to clarify certain provisions of part IV of the Interstate Commerce Act and to place transactions involving unifications or acquisitions of control of freight forwarders under the provisions of section 5 of the act; to the Committee on Interstate and Foreign Commerce.

By Mr. McMILLAN:

H.R. 12202. A bill to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the name of the court, and for other purposes; to the Committee on the District of Columbia.

By Mr. PRICE:

H.R. 12203. A bill to amend title 10, United States Code, to provide for the identification of a military airlift command as a specified command, to provide for its military mission, and to eliminate unnecessary duplication in airlift; to the Committee on Armed Services.

By Mr. RIVERS of Alaska:

H.R. 12204. A bill to amend section 303(c) of the Career Compensation Act of 1949, as amended, to authorize in the case of members of the uniformed services transportation of house trailers and mobile dwellings within Alaska and between Alaska and the 48 contiguous States; to the Committee on Armed Services.

H.R. 12205. A bill to consent to the amendment of the Pacific marine fisheries compact and to the participation of certain additional States in such compact in accordance with the terms of such amendment; to the Committee on Merchant Marine and Fisheries.

By Mr. RYAN of New York:

H.R. 12206. A bill to protect the constitutional rights of individuals irrespective of race, creed, color, or national origin, and for other purposes; to the Committee on the Judiciary.

By Mr. SCHERER:

H.R. 12207. A bill to amend the Internal Security Act of 1950; to the Committee on Un-American Activities.

By Mr. UTT:

H.R. 12208. A bill to amend section 4142 (relating to the definition of radio and television components) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. GREEN of Pennsylvania:

H.R. 12209. A bill to provide for the issuance of a special postage stamp to commemorate the 150th anniversary of the advent of humane treatment for the mentally ill; to the Committee on Post Office and Civil Service.

By Mr. HALPERN:

H.R. 12210. A bill to provide a deduction for income tax purposes, in the case of a disabled individual, for expenses for transportation to and from work; and to provide an additional exemption for income tax purposes for a taxpayer or spouse who is physically or mentally incapable of caring for himself; to the Committee on Ways and Means.

By Mr. O'BRIEN of New York (by request):

H.R. 12211. A bill to provide for the transfer to the government of the Virgin Islands of certain property of the Virgin Islands Corporation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SCHNEEBELI:

H.R. 12212. A bill to provide for the temporary suspension of the duty on cork stoppers; to the Committee on Ways and Means.

H.R. 12213. A bill to provide for the temporary suspension of the duty on corkboard insulation; to the Committee on Ways and Means.

By Mr. THOMPSON of Texas:

H.R. 12214. A bill authorizing a survey of Peytons Creek and tributaries, Texas, in the interest of flood control and allied purposes; to the Committee on Public Works.

By Mr. REIFEL:

H.R. 12215. A bill to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; to the Committee on Agriculture.

By Mr. WIDNALL:

H. Res. 693. Resolution providing for the consideration of the bill (H.R. 11327) to provide for the District of Columbia an appointed Governor and Secretary, and an elected legislative assembly and nonvoting Delegate to the House of Representatives, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 12216. A bill to provide that Lt. Col. Henry A. Rogan shall be advanced to the grade of colonel, and for other purposes; to the Committee on Armed Services.

By Mr. BOLLING:

H.R. 12217. A bill for the relief of George Edward Leonard; to the Committee on the Judiciary.

By Mr. HALEY:

H.R. 12218. A bill for the relief of Sumiko Saito; to the Committee on the Judiciary.

By Mr. NIX:

H.R. 12219. A bill for the relief of Isolene E. F. Shakespeare; to the Committee on the Judiciary.

By Mr. RYAN of Michigan:

H.R. 12220. A bill for the relief of Miss Maria Meintassi; to the Committee on the Judiciary.

SENATE

TUESDAY, JUNE 19, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou great companion of our pilgrim way, across all the toiling hours of this day, keep our hearts with Thee, as once more in this Chamber of governance, those who here speak and act for the Nation, face vexing national and global problems which tax them to the utmost to solve.

While they heed the judgments of those who share with them the responsibilities of statecraft, enable them by Thy sustaining grace to test all things by their own conscience and by the

teachings and spirit of the one who alone is our Master.

Calm our anxieties; strengthen our every weakness; save us from paralyzing fear and embittered cynicism; and in these times that try men's souls, make us worthy of these demanding days, that cry aloud for wisdom and character.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 18, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 15, 1962, the President had approved and signed the following act and joint resolution:

S. 315. An act for the relief of Dr. Ting-Wa Wong; and

S.J. Res. 198. Joint resolution deferring until July 15, 1962, the issuance of a proclamation with respect to a national wheat acreage allotment.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 2186. An act for the relief of Manuel Arranz Rodriguez;

S. 2340. An act for the relief of Shunichi Aikawa;

S. 2418. An act for the relief of Elaine Rozin Recanati;

S. 2486. An act for the relief of Kim Carey (Timothy Mark Alt);

S. 2562. An act for the relief of Sally Ann Barnett;

S. 2565. An act for the relief of Michael Najeeb Metry;

S. 2895. An act to provide for the conveyance of certain lands of the Minnesota Chippewa Tribe of Indians to the Little Flower Mission of the St. Cloud Diocese; and

S. 2990. An act for the relief of Caterina Scalzo (nee LoSchiavo).

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 78) requesting the President to return to the Senate the enrolled bill, S. 1745, relating to District of Columbia schoolchildren's fares, and providing for its reenrollment with a certain change.

The message further announced that the House insisted upon its disagreement to the amendments of the Senate numbered 2, 3, 7, 11, 12, 13, 14, 15, 16, 17, and 18 to the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WALTER, Mr. FEIGHAN, Mr. CHELF, Mr. POFF, and Mr. MOORE were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 4012. An act to amend section 801 of title 38, United States Code, to provide assistance in acquiring specially adapted housing for certain blind veterans who have suffered the loss or loss of use of a lower extremity;

H.R. 4592. An act to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.;

H.R. 6145. An act to postpone for 1 year the second reduction in credits under section 3302(c)(2) of the Internal Revenue Code of 1954 (relating to reduced credits against the Federal unemployment tax) in the case of States to which such section applied for 1961;

H.R. 7278. An act to amend the act of June 5, 1952, so as to remove certain restrictions on the real property conveyed to the Territory of Hawaii by the United States under authority of such act;

H.R. 8214. An act to permit the use of certain construction tools actuated by explosive charges in construction activity on the U.S. Capitol Grounds;

H.R. 9199. An act for the relief of certain officers and enlisted personnel of the 1202d Civil Affairs Group (Reinf. Tng.), Fort Hamilton, Brooklyn, N.Y.;

H.R. 9243. An act to amend the Civil Functions Appropriation Act, 1952, in order to designate the reservoir created by the John H. Kerr Dam as Buggs Island Lake;

H.R. 10066. An act to amend title 38 of the United States Code to provide additional compensation for veterans suffering the loss or loss of use of both vocal cords, with resulting complete aphonia;

H.R. 10263. An act to authorize the Secretary of the Air Force to adjust the legislative jurisdiction exercised by the United States over lands within Eglin Air Force Base, Fla.;

H.R. 10265. An act to authorize the Postmaster General in his discretion to pay increased basic salary to postal field service employees for services performed before the expiration of 30 days following their assignments to duties and responsibilities of higher salary levels, and for other purposes;

H.R. 10452. An act to donate to the Devils Lake Sioux Tribe of the Fort Totten Indian Reservation, N. Dak., approximately 275.74 acres of federally owned land;

H.R. 10530. An act to declare that certain land of the United States is held by the United States in trust for the Oglala Sioux Tribe of the Pine Ridge Reservation;

H.R. 10825. An act to repeal the act of August 4, 1959 (73 Stat. 280);

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina;

H.R. 11251. An act to authorize the Secretary of the Army to relinquish to the State of New Jersey jurisdiction over any lands within the Fort Hancock Military Reservation;

H.R. 11523. An act to authorize the employment without compensation from the Government of readers for blind Government employees, and for other purposes;

H.R. 11711. An act to incorporate Science Service, Inc., for the purposes indicated by Public Law 85-875;

H.R. 11735. An act authorizing the change in name of Beardstown, Ill., flood control project, to the Sid Simpson flood control project;

H.R. 11753. An act to provide for the payment of certain amounts and restoration of employment benefits to certain Government officers and employees improperly deprived thereof, and for other purposes;

H.R. 11793. An act to provide criminal penalties for trafficking in phonograph records bearing forged or counterfeit labels;

H.R. 12061. An act to extend the Renegotiation Act of 1951;

H.J. Res. 417. Joint resolution to designate the lake formed by Terminus Dam on the Kaweah River in California as Lake Kaweah;

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases; and

H.J. Res. 717. Joint resolution designating January 1, 1963, as Emancipation Proclamation Day.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated:

H.R. 4012. An act to amend section 801 of title 38, United States Code, to provide assistance in acquiring specially adapted housing for certain blind veterans who have suffered the loss or loss of use of a lower extremity; to the Committee on Labor and Public Welfare.

H.R. 4592. An act to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.;

H.R. 10452. An act to donate to the Devils Lake Sioux Tribe of the Fort Totten Indian Reservation, N. Dak., approximately 275.74 acres of federally owned land;

H.R. 10530. An act to declare that certain land of the United States is held by the United States in trust for the Oglala Sioux Tribe of the Pine Ridge Reservation; and

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina; to the Committee on Interior and Insular Affairs.

H.R. 6145. An act to postpone for 1 year the second reduction in credits under section 3302(c)(2) of the Internal Revenue Code of 1954 (relating to reduced credits against the Federal unemployment tax) in the case of States to which such section applied for 1961;

H.R. 10066. An act to amend title 38 of the United States Code to provide additional compensation for veterans suffering the loss or loss of use of both vocal cords, with resulting complete aphonia; and

H.R. 12061. An act to extend the Renegotiation Act of 1951; to the Committee on Finance.

H.R. 7278. An act to amend the act of June 5, 1952, so as to remove certain restrictions on the real property conveyed to the territory of Hawaii by the United States under authority of such act;

H.R. 10263. An act to authorize the Secretary of the Air Force to adjust the legislative jurisdiction exercised by the United States over lands within Eglin Air Force Base, Fla.;

H.R. 10825. An act to repeal the act of August 4, 1959 (73 Stat. 280); and

H.R. 11251. An act to authorize the Secretary of the Army to relinquish to the State of New Jersey jurisdiction over any lands

within the Fort Hancock Military Reservation; to the Committee on Armed Services.

H.R. 8214. An act to permit the use of certain construction tools actuated by explosive charges in construction activity on the U.S. Capitol Grounds;

H.R. 9243. An act to amend the Civil Functions Appropriation Act, 1952, in order to designate the reservoir created by the John H. Kerr Dam as Buggs Island Lake;

H.R. 11735. An act authorizing the change in name of Beardstown, Ill., flood control project, to the Sid Simpson flood control project; and

H.J. Res. 417. Joint resolution to designate the lake formed by Terminus Dam on the Kaweah River in California as Lake Kaweah; to the Committee on Public Works.

H.R. 9199. An act for the relief of certain officers and enlisted personnel of the 1202d Civil Affairs Group (Reinf. Tng.), Fort Hamilton, Brooklyn, N.Y.;

H.R. 11711. An act to incorporate Science Services, Inc., for the purposes indicated by Public Law 85-875;

H.R. 11793. An act to provide criminal penalties for trafficking in phonograph records bearing forged or counterfeit labels;

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases; and

H.J. Res. 717. Joint resolution designating January 1, 1963, as Emancipation Proclamation Day; to the Committee on the Judiciary.

H.R. 10265. An act to authorize the Postmaster General in his discretion to pay increased basic salary to postal field service employees for services performed before the expiration of 30 days following their assignments to duties and responsibilities of higher salary levels, and for other purposes;

H.R. 11523. An act to authorize the employment without compensation from the Government of readers for blind Government employees, and for other purposes; and

H.R. 11753. An act to provide for the payment of certain amounts and restoration of employment benefits to certain Government officers and employees improperly deprived thereof, and for other purposes; to the Committee on Post Office and Civil Sevice.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1742. An act to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters;

S. 2893. An act to declare that certain land of the United States is held by the United States in trust for the Prairie Band of Potowatomi Indians in Kansas; and

H.R. 7532. An act to amend title 39 of the United States Code relating to funds received by the Post Office Department from payments for damage to personal property, and for other purposes.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent the Stockpiling Subcommittee of the Committee on Armed Services was authorized to meet during the session of the Senate today.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON REVIEW OF CERTAIN GRANTS AWARDED BY NATIONAL INSTITUTES OF HEALTH, PUBLIC HEALTH SERVICE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of grants awarded by National Institutes of Health, Public Health Service, Department of Health, Education, and Welfare to finance equipment purchases by Roscoe B. Jackson Memorial Laboratory, September 1961 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON FEDERAL HOUSING ADMINISTRATION, HOUSING AND HOME FINANCE AGENCY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Federal Housing Administration, Housing and Home Finance Agency, fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the U. E. Local 1111, United Electrical, Radio and Machine Workers of America, Milwaukee, Wis., relating to medical care for the aged; to the Committee on Finance.

ONE-HUNDRETH ANNIVERSARY OF EMANCIPATION PROCLAMATION—LETTER AND RESOLUTION

Mr. JAVITS. Mr. President, in observance of the 100th anniversary of the promulgation of the Emancipation Proclamation, Governor Rockefeller has submitted to the Resolutions Committee of the Governors' Conference a resolution in which the Governors would pledge themselves to seek to translate into fuller reality the basic values upon which the Emancipation Proclamation is based.

In letters to members of the Governors' Conference, Governor Rockefeller stated:

I feel the adoption by the Governors' Conference of this resolution * * * will be both timely and constructive.

Governor Rockefeller called attention to the fact that New York State owns the original draft of the Emancipation Proclamation in Abraham Lincoln's handwriting.

In view of the number of requests for exhibition of this historic document in this centennial year, I am having a facsimile of the original proclamation prepared, and it would be my very great pleasure to send you a copy if you would like to have it—

Governor Rockefeller stated.

The Governors' Conference will meet at Hershey, Pa., July 1 to 4.

I ask unanimous consent that there be printed in the RECORD Governor Rockefeller's letter to members of the Governors' Conference and the draft resolution.

There being no objection, the letter and resolution were ordered to be printed in the RECORD, as follows:

JUNE 8, 1962.

DEAR GOVERNOR ———: In this year marking the 100th anniversary of the Emancipation Proclamation, the original draft of which in Abraham Lincoln's handwriting is a proud possession of the State of New York, I deem it especially appropriate to submit to the Resolutions Committee of the Governors' Conference a resolution rededicating ourselves to the fundamental American principles on which the Proclamation is based.

In view of the number of requests for exhibition of this historic document in this centennial year, I am having a facsimile of the original Proclamation prepared, and it would be my very great pleasure to send you a copy if you would like to have it.

I feel the adoption by the Governors' Conference of this resolution, a copy of which is enclosed, will be both timely and constructive.

With best wishes.

Sincerely,

NELSON A. ROCKEFELLER.

THE 1962 GOVERNORS' CONFERENCE—RESOLUTION: CIVIL RIGHTS

Whereas this Nation, under God, was founded on and draws its sustenance from the concept of the worth of the individual and the brotherhood of man; and

Whereas this year of 1962 marks the 100th anniversary of the promulgation by President Abraham Lincoln of the Emancipation Proclamation; and

Whereas at a time when the strength and endurance of fundamental human values are being tested throughout the free world, it is appropriate and desirable to rededicate ourselves to the dignity and rights of the individual; and

Whereas human rights and individual dignity require both adequate protection through law and continuous action at every level of our society, public and private, to make these fundamental rights a living reality for our people; and

Whereas the enjoyment by the States of their full rights as sovereign entities requires the States to assume and discharge with vigor their full responsibilities not alone for the health and welfare of their people but also for the realization of their peoples' aspirations for freedom, dignity, and equal rights and opportunities as individual human beings; and

Whereas the impact of the actions of the States in this crucial area of human values has immediate significance far beyond the borders of our States in the eyes of the world; and

Whereas any discrimination based on race, creed or color, in housing, in education, in transportation, in employment, in public places of assembly or in personal services is alien to these fundamental values: Now, therefore, be it

Resolved on the 100th anniversary of the Emancipation Proclamation, That we Governors in conference here assembled pledge ourselves, affirmatively and positively, to seek to translate these cherished American values into fuller reality within our respective States, by executive action, where possible, through laws adopted by the State legislatures, where necessary, and by fully utilizing in the arena of public opinion the leadership responsibility inherent in the office of Governor.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. MAGNUSON, from the Committee on Commerce:

Herbert W. Klotz, of Virginia, to be an Assistant Secretary of Commerce.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ENGLE (for himself and Mr. KUCHEL):

S. 3437. A bill to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property; to the Committee on Armed Services.

By Mr. BARTLETT (for himself and Mr. GRUENING):

S. 3438. A bill to amend section 303(c) of the Career Compensation Act of 1949, as amended, to authorize in the case of members of the uniformed services transportation of house trailers and mobile dwellings within Alaska and between Alaska and the 48 contiguous States; to the Committee on Armed Services.

(See the remarks of Mr. BARTLETT when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 3439. A bill to authorize the Administrator, General Services Administration, to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Inc.; to the Committee on Government Operations.

By Mr. JAVITS:

S. 3440. A bill for the relief of Louis Sirota; to the Committee on the Judiciary.

By Mr. HAYDEN (for himself and Mr. CASE of South Dakota):

S. 3441. A bill to provide for the acquisition of certain property in Square 758 in the District of Columbia, as an addition to the grounds of the U.S. Supreme Court Building; to the Committee on Public Works.

(See the remarks of Mr. HAYDEN when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF CAREER COMPENSATION ACT OF 1949, RELATING TO TRANSPORTATION OF HOUSE TRAILERS AND MOBILE DWELLINGS FOR CERTAIN MEMBERS OF UNIFORMED SERVICES

Mr. BARTLETT. Mr. President, on behalf of the junior Senator from Alaska [Mr. GRUENING] and myself, I introduce, for appropriate reference, a bill "to amend section 303(c) of the Career Compensation Act of 1949, as amended, to authorize in the case of members of the uniformed services transportation of house trailers and mobile dwellings within Alaska and between Alaska and the 48 contiguous States." I ask that at the conclusion of my remarks the text of the bill be printed in the RECORD.

This bill is introduced to place Alaska in a particular instance on a par with the contiguous 48 States. A member of the armed services may, upon retirement from active duty, select a home and receive certain travel allowances for himself and dependents to the selected home if he "first, is retired for physical disability or placed on the temporary disability retired list; or, second, is retired with pay for any other reason, or, immediately following at least 8 years of continuous active duty—no single break therein of more than 90 days—is discharged with severance pay or involuntarily released to inactive duty with readjustment pay."

The law also states that transportation of baggage and household effects may be provided. Similar allowances for military servicemen are provided upon change of station. These various provisions apply to Alaska as well as to the other States. However, in lieu of transportation of baggage and household effects, a serviceman may elect to have a housetrailer or mobile dwelling transported to the State of his choosing or his new station or be given a mileage allowance for moving such a vehicle.

The applicable provision of law states this "in lieu" selection may be allowed only for transporting the trailer "within the continental United States."

The Career Compensation Act was enacted before Alaska became a State. At the time of its enactment, the term "continental United States" was considered to exclude Alaska unless specific inclusion was provided. The Alaska Omnibus Act—Public Law 86–70, approved June 25, 1959—stated that any laws enacted thereafter would include Alaska when the term "continental United States" was used.

The exclusion of Alaska from the trailer provision means that any serviceman who wants to take a trailer to Alaska for housing purposes receives an allowance to the Canadian border but receives not a cent in allowance for the mileage through Canada and within Alaska. This exclusion also means that a trailer cannot be shipped by the Government to Alaska as it can be between the other States. Therefore, on one hand the serviceman headed for Alaska receives the same travel, baggage, and household effects allowances as a serviceman going to another State to make his home or upon change of station but on the trailer provisions alone he is excluded. He must pay from his own pocket the moving costs for a major part of the transportation.

It has been pointed out that in many cases the cost to the Government of transportation of trailers or a mileage allowance for such purpose is considerably less than the cost of shipping a man's baggage and household effects. This bill, then, could save money.

It is of interest to point out that the Congress is enacting Public Law 85–326, approved February 12, 1958, providing allowances for transportation of housetrailers to civilian employees of the United States who are transferred from one official station to another, amended the bill to include Alaska upon the recommendation of the Bureau of the Budget and the Interior Department in the same fashion as we seek here. This bill, then, has precedence.

Finally, Mr. President, in some areas now being settled in Alaska there is an acute housing shortage. Providing a means by which these men can take their mobile homes with them would go a long way in alleviating their personal housing problems and removing a major hurdle to settlement by them in Alaska.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3438) to amend section 303(c) of the Career Compensation Act of 1949, as amended, to authorize in the case of members of the uniformed services transportation of house trailers and mobile dwellings within Alaska and between Alaska and the 48 contiguous States, introduced by Mr. BARTLETT (for himself and Mr. GRUENING), was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 303(c) of the Career Compensation Act of 1949, as amended (37 U.S.C. 253(c)), is amended by inserting immediately after the twelfth sentence of such section a new sentence as follows: "As used in the preceding sentence the term 'within the continental United States' means within the continental United States, within Alaska, or between the continental United States and Alaska."

ACQUISITION OF CERTAIN PROPERTY IN SQUARE 758, DISTRICT OF COLUMBIA, AS AN ADDITION TO THE SUPREME COURT GROUNDS

Mr. HAYDEN. Mr. President, the Senator from South Dakota [Mr. CASE] has joined with me in the introduction of a bill to acquire lots 2, 3, 800, 801, and 802 in square 758 in the District of Columbia located at the Northwest corner of Third and A Streets NE., east of the Supreme Court. This property consists of approximately 15,000 square feet of ground, of which approximately 11,300 square feet are now used as a parking lot by the U.S. Supreme Court under a month to month rental agreement. The remainder of the property is occupied by three frame houses.

The Marlow Coal Co., who owns this property, advises that they have consulted an architect and been advised that they can erect a luxury apartment on this site at a cost of $750,000, excluding the value of the land.

It would seem prudent for the Government to acquire this property while it is, for the most part, unimproved land and buy it at a comparatively low price, rather than wait and take it at some time in the future when it may be necessary to condemn it as improved land of a value of nearly a million dollars.

I am advised by the Marlow Coal Co. that they are willing to sell this property to the Government at this time if a price satisfactory to all parties can be agreed upon. They have indicated a selling price in the order of $200,000 as their present thinking.

The Chief Justice of the United States is anxious that the Government purchase this land and that it continue to be used for the parking of automobiles of

employees of the Court. After a careful canvass of the situation, the Chief Justice states that it was found that this is the only lot sufficiently close to the Supreme Court Building to afford parking space for the Court's personnel, and further stated that women constitute a large percentage of such personnel and during the winter work until after it is dark, and that it would be dangerous for them to have to park their cars a great distance away from the Court. The Chief Justice further advises that, if deprived of this lot, he knows of no other way that the Court's needs can be met. Upon enactment of legislation authorizing acquisition of these properties and before coming to the Appropriations Committees for funds for their acquisition, the Architect of the Capitol would have these properties appraised by competent appraisers, who would be paid for such services from the appropriation "Contingent expenses" under his charge, which appropriation would be available for such purpose after enactment of this legislation. Any estimate of appropriation submitted to the Appropriations Committees for the acquisition of the properties would be submitted on the basis of such appraisals.

The legislation provides that upon acquisition of the properties, they shall become a part of the grounds of the U.S. Supreme Court Building and shall be subject to the act of May 7, 1934, which would place their maintenance under the Architect of the Capitol; also to the act of August 18, 1949, which would place the grounds under the protection of the Supreme Court Police force.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3441) to provide for the acquisition of certain property in square 758 in the District of Columbia, as an addition to the grounds of the U.S. Supreme Court Building, introduced by Mr. HAYDEN (for himself and Mr. CASE of South Dakota), was received, read twice by its title, and referred to the Committee on Public Works.

ADDITIONAL CONFEREE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, H.R. 10802

Mr. HAYDEN. Mr. President, I ask unanimous consent that another Senator be added to the list of conferees on the bill, H.R. 10802, the Department of the Interior and related agencies appropriation bill, 1963, and that the Chair be authorized to appoint the conferee.

The VICE PRESIDENT. Is there objection? The Chair hears none, and appoints the Senator from Idaho [Mr. DWORSHAK] as an additional conferee on the part of the Senate.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, RELATING TO ELIMINATION OF TAX DEFERRAL IN DEVELOPED AREAS—AMENDMENT

Mr. GORE. Mr. President, I should like to read into the RECORD a letter addressed to the chairman of the Senate Finance Committee, the distinguished senior Senator from Virginia [Mr. BYRD]. The letter is dated May 29, 1962:

LETTER OF TRANSMITTAL

THE SECRETARY OF THE TREASURY,
Washington, May 29, 1962.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with your request we submit drafts of statutory language. These drafts amend sections of H.R. 10650 as follows:

1. The draft of an amended section 13 (controlled foreign corporations) embodies an approach to impose tax on tax-haven income. The Treasury recommends in accordance with the President's message of April 20, 1961, and my statement of April 2, 1962, before your committee that deferral of taxation of income of controlled foreign corporations be eliminated. However, we are submitting the enclosed draft of an amended section 13 as an aid to the committee if it prefers the more limited tax-haven approach. The draft embodies those technical improvements in the application and mechanics of the House bill which I recommended in my statement before you on May 10, 1962, which were in response to suggestions of witnesses during your hearings.

2. The draft of section 15 (foreign investment companies) makes minor technical amendments in the House bill which the representatives of foreign investment companies suggested to you during the hearings.

3. The drafts of section 16 (gain from certain sales or exchanges of stock in certain foreign corporations) and section 20 (information with respect to certain foreign entities) make the changes which I recommended to you on the first day of the hearings and certain other improvements in response to the suggestions of witnesses who appeared before you.

Sincerely yours,

DOUGLAS DILLON.

This letter, along with the proposed rewrite of section 13 of House bill 10650, was distributed in committee-print form. The Secretary of the Treasury also presented to the committee a proposed draft of section 13, to eliminate deferral of taxes on income earned in developed areas. This draft proposal was not included in the committee print. This was the original recommendation of the President and the original recommendation of the Secretary of the Treasury, to which he testified at length, and on which much other testimony was heard. The position of the Treasury in this regard has been set forth in detail.

Since it has been drafted and since I propose to offer it in committee as an amendment to H.R. 10650, I ask unanimous consent that it be printed as a proposed amendment to H.R. 10650.

Mr. President, I should like to add that this draft by the Treasury rather closely follows the draft of a bill which the legislative drafting service prepared for me, to accomplish similar goals, and which I introduced last year.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance.

NOTICE OF HEARINGS ON S. 3261, RELATING TO CONSTITUTIONAL RIGHTS

Mr. ERVIN. Mr. President, as chairman of the Subcommittee on Constitutional Rights, I wish to announce that hearings will be held on June 26, 27, and 28, 1962, on S. 3261, a bill to protect the constitutional rights of certain individuals who are mentally ill.

The hearings will begin at 10 a.m. in room 2228 of the New Senate Office Building. Any person who wishes to appear and testify on this bill is requested to notify the subcommittee by letter.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 19, 1962, he presented to the President of the United States the following enrolled bills:

S. 1742. An act to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters; and

S. 2893. An act to declare that certain land of the United States is held by the United States in trust for the prairie of Potawatomi Indians in Kansas.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Excerpts of address delivered by him over Wisconsin radio stations, relating to the 26th annual Dairy Month.

Excerpts of address delivered by him on Wisconsin radio stations, relating to U.S. national goals.

RESOLUTION OF LITHUANIAN AMERICAN COUNCIL

Mr. WILEY. Mr. President, today I received a letter from Peter Petrusaitis, Secretary of the Lithuanian American Council, at Racine, Wis. I wish to read the letter to the Senate. It reads:

LITHUANIAN AMERICAN COUNCIL, INC.,
Racine, Wis., June 17, 1962.

Hon. ALEXANDER WILEY,
Senate of the United States,
Washington, D.C.

MY DEAR SENATOR: Enclosed you will find a copy of a resolution unanimously adopted at the mass meeting of the American citizens of the Baltic descent of this community gathered to protest the forceful occupation of Estonia, Latvia, and Lithuania by Soviet Russia on June 15, 1940. Also this mass meeting condemned Soviet Russia for its terror, mass deportation and colonial policies against the Baltic people.

The mentioned meeting was held today under auspices of our organization at the Saint Casimir's Parish Hall, 815 Park Avenue, Racine, Wis.

Very truly yours,

PETER PETRUSAITIS,
Secretary.

I ask unanimous consent that the resolution be printed in the RECORD, following my remarks.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas Soviet Russia having broken the solemnly signed agreements of nonaggression and on June 15, 1940, having forcibly occupied Estonia, Latvia and Lithuania; and

Whereas since then the people of these nations have become and are victims of Communist menace and Russian colonialism; and

Whereas the biggest colonial power of present times; known to the outside world as Union of the Soviet Socialist Republics, is unceasingly seeking under all ways and means, including threats of nuclear war to overthrow the free nations one after another; and

Whereas the American people are strongly and traditionally opposed to any form of government which comes to power not by the free choice of people; and

Whereas we are forced into mortal struggle by Communists for survival of our Nation and the rest of the free world: Therefore be it

Resolved, That this mass meeting wholeheartedly endorses and vigorously supports Senate Concurrent Resolutions 12, 63, 64, and House Concurrent Resolutions 153, 163, 195, 439, 444, 456, and urges the appropriate Committees of Senate and House of Representatives to send them to the respective floors for further consideration; and be it further

Resolved, That the Communist challenge must be met by the united free world with great attention and with carefully planned preparedness and with every single nation paying her full share for this common goal; and be it further

Resolved, That our major foreign policy shows aspects of paying sometimes too much attention to the neutrals, of being too harsh to our friends and of being too soft to our foes. The writers of this resolution are in fear that practice of such a policy in the long run may bring negative results which may deeply hurt our prestige abroad and safety at home; and be it finally

Resolved, That this mass meeting express its gratitude and admiration to the President of the United States, to the Senate and to the House of Representatives for strenuous efforts to better standards of living, for enormous tasks to achieve stable peace and social justice and, especially, for nonrecognition of the incorporation of Estonia, Latvia and Lithuania into Soviet Russia.

STANLEY P. BUDRYS,
President, Racine Chapter of L.A. Council.

VALENTIN JAUNKELNIETIS,
Representative, Racine's American Latvians.

Mrs. OLGA MALBE,
Representative, Racine's American Estonians.

RACINE, WIS., *June 17, 1962.*

ADDRESS BY SENATOR WILEY BEFORE BARBERS AND BEAUTICIANS CONVENTION

Mr. WILEY. Mr. President, recently it was my privilege to speak to the convention of the barbers and beauticians at Green Bay, Wis. The meeting was presided over by Edward W. Jablonski, president, of Stevens Point, Wis. I ask unanimous consent that excerpts from my remarks on that occasion be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS OF ADDRESS DELIVERED BY SENATOR ALEXANDER WILEY OF WISCONSIN, BEFORE THE BARBERS AND BEAUTICIANS CONVENTION AT GREEN BAY, WIS., JUNE 16, 1962

I am happy to join you here at the convention.

Mrs. Wiley and I, both, are sorry that our visit will be too brief.

Nevertheless, I shall look forward to learning soon of the constructive work of your convention.

Over the years, I have enjoyed working with you, and your representatives, on problems of mutual and public interest.

In a fast-progressing Nation, with increasingly good economic standards, your profession, once a luxury, now has become, if not a day-to-day, at least a week-to-week part of many of our citizens' lives.

Your increasingly popular and significant contributions to our national life include:

Economically as small and not-so-small, service-giving, job-creating businesses, you contribute significantly to our economic progress: annually, the amount spent in beauty shops is estimated nationally at over $2.3 billion; and expenditures for toilet articles and preparations, almost to $3 billion;

As providers of unique personal services, also, you contribute to higher morale and happy frames of mind—especially among the feminine set, without which, this would, indeed, be a dreary world;

You, together with allied professions, also contribute to lifting the social-cultural standards of U.S. society, magnetically shifting the center of gravity in this field, once in Europe, to America; and

Perhaps less tangibly, but, nevertheless, significantly, barber and beauty shops, too, have become friendly communications centers, both for fact and rumor for the community.

In the past, I have considered it a privilege to be of service, not only in relation to legislative proposals pending before the Congress, but also attempting to obtain the right kind of regulations by the Food and Drug Administration, the Federal Trade Commission, and other agencies administering laws relating to your profession. As this best serves our mutual and public interests, I shall look forward to working with you further in the future.

WORLD PICTURE

As a U.S. Senator, and as a citizen, I, like yourselves, naturally find it necessary to concentrate upon, and make special efforts to resolve, the problems which seem of major importance in my realm of interests.

However, we must not lose ourselves in special-interest, perspectively limited worlds.

Around the globe, as well as elsewhere in the life of our country, instead, there are great, broad scope challenges of significance, not only to our individual interests, but to our national progress and peace, and, perhaps, our survival.

What are these larger scope challenges? In reviewing the world picture, high priority, in my judgment, needs to be accorded the following:

1. Preventing a Third World War, or, more positively, exerting every justified effort toward promoting peace and progress in the world.

2. Dedicating ourselves to keeping America free, and this means from the Communist threat internally as well as externally.

3. Maintaining a strong, healthy, free economy: to support the skyrocketing costs of defense; to meet the ever-growing needs of a fast expanding national population; to provide the wherewithal to fulfill the defense economic needs of the country.

Yes, the three big issues are: Can we maintain the peace? Can we deter the Communists from taking over America? Can we maintain a strong, healthy, free economy?

Let us remember that this world of ours has changed a lot since you first sent me to Washington 23 years ago. It was a big world then. Now it is so small that, as someone has said, you can "spit around it." John Glenn circled the globe 3 times in a matter of 3 hours. Now the Russians have the intercontinental missile.

If war should come it would mean that the remnant of the race would probably go back to the caveman's age.

The issue isn't simply one for your legislators. It is for you and every American to see that we don't get into the same position that we were in before Pearl Harbor—asleep.

CONCLUSION

As members of a forward-moving profession, you, as all citizens, can best serve:

1. By maintaining high standards for, and making a success of, your profession; and

2. By broader perspective and understanding of larger-scope challenges, you can best contribute to our national progress and security.

Now, until Mrs. Wiley, or myself, either need your service, or we have a chance to shake your hand and enjoy a friendly conversation, we say: Thanks, again, for the opportunity to attend your convention.

SENATORS McCLELLAN AND MUNDT TO HEAD ESTES INQUIRY

Mr. TOWER. Mr. President, the Senate Permanent Investigations Subcommittee, of the Committee on Government Operations, will begin its inquiry next week, on June 27, into the Billie Sol Estes scandals in the grain storage and warehousing and cotton acreage allotment fields. The Senator from Arkansas [Mr. MCCLELLAN], chairman of the committee, and the Senator from South Dakota [Mr. MUNDT], the ranking Republican member, will have major roles in these public hearings. These distinguished colleagues are experienced in the field of investigations, and their combined leadership and direction of the inquiry will assure its thoroughness and competence.

Mr. President, John Mashek, of the Washington bureau of the Dallas (Tex.) Morning News, has recently written a comprehensive account of the circumstances, and also of the background of these committee leaders. Mr. President, I ask unanimous consent that this article, entitled "New Face, New Probe," be printed in the RECORD, following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW FACE, NEW PROBE—MCCLELLAN, MUNDT TO HEAD ESTES INQUIRY

(By John Mashek)

WASHINGTON.—Two country boy Senators, of opposite political parties but of similar political persuasion, will be in the driver's seat soon when the Senate investigating subcommittee rides headlong into the Billie Sol Estes scandal.

The Senators, JOHN L. MCCLELLAN of Arkansas and KARL E. MUNDT of South Dakota, will have major roles in the public hearings expected to begin late next month. Democrat MCCLELLAN is chairman of the subcommittee, MUNDT the ranking Republican member.

The MCCLELLAN-MUNDT duet has been through the mill of publicized hearings several times. The 1957–58 investigation of labor union racketeering and union-management collusion is an example. The probe last year of excessive construction costs at Cape Canaveral and other missile bases is another.

The Estes case is a new chapter for the subcommittee, notably because of its more obvious political overtones. With Estes playing in the Democratic ball park during his rise in west Texas, every element in the case has a political bearing.

But the Republicans, especially MUNDT, are careful about ruffling MCCLELLAN on downplaying any political ramifications in the hearings. Public statements indicate the GOP has pledged confidence in MCCLELLAN, a southern Democrat with deep conservative convictions but equally strong convictions about his party.

MCCLELLAN, affirms one of his top investigators, has always "played it straight" in any investigation—meaning he lets the shots call themselves and refrains from playing politics.

Still, the crusty Arkansan is in a sticky position. As Democratic chairman, he will guide hearings that are bound to cause more embarrassment to his party than they will to the Republicans. The resignations or firings to date of four officials in the Kennedy administration over Estes connections is ample evidence of that.

MUNDT is in a tight spot, too. Democrats will be watching him closely and will be quick to pounce on him if he tries to turn the hearings into an altogether political forum for the GOP.

MCCLELLAN was obviously a little ruffled when a few eastern newspapers began clamoring for investigations and insinuated that he was moving a little slow a few weeks ago.

"We're not going to rush in and smear a lot of names," he said in an interview before hearings were called. "I don't know if there's a scandal here or not. Some people seem to want one."

MUNDT kept quiet during the early investigation by the subcommittee. He has since thrown some political barbs, but has been steadfast in praise of MCCLELLAN.

Conservatives MCCLELLAN and MUNDT are opposites personally.

MCCLELLAN, 66, is gruff and reserved, but has a wry sense of humor. He has a low boiling point and can be relentless on the attack in his subcommittee hearings. His bristling exchanges with Jimmy Hoffa have left spectators breathless.

MUNDT, 62, is a cheerful politician and more of an extrovert than his investigating partner. He low-keys his questions, rarely loses his temper during hearings. But he can be cunning and shrewd just the same.

MCCLELLAN is a former county prosecutor in Arkansas which probably explains his forceful interrogations when witnesses become balky. He believes a Senate panel deserves respect and his anger becomes most apparent when a witness attempts to poke fun at the proceedings.

MUNDT, born on a South Dakota farm, is a former schoolteacher and school superintendent. Counting his time on the House Un-American Activities Committee, he has served 23 years on congressional investigating committees. The GOP counts him as the No. 1 investigator on Capitol Hill in length of service.

MCCLELLAN and MUNDT have both served in the House and Senate. MCCLELLAN served two terms in the House, from 1938 to 1942, and is now in his 4th term in the Senate. MUNDT was in the House for 10 years, from 1938 to 1948, and is now serving his third 6-year term in the Senate.

MCCLELLAN makes few Senate speeches, but those he does make are to the point and forceful. One of the most dramatic speeches in the Senate in recent years was MCCLELLAN'S bitter attack on the administration when it moved to discharge the urban affairs Cabinet post proposal from his Government Operations Committee.

MCCLELLAN charged that the legislative processes were being destroyed and a committee that was working diligently had been gutted.

The vote to discharge MCCLELLAN'S committee and bring the proposal to the Senate floor for a vote failed by a substantial margin.

MUNDT also has made few Senate speeches. He delivers them in a clipped, methodical fashion. His favorite subjects in recent years have been education and agriculture.

The South Dakota Republican first became a national figure as a member of the House Un-American panel in the late forties. He and former Vice President Nixon were authors of a bill to establish safeguards against internal subversion in the United States.

Many provisions of the bill were later included in the Internal Security Act of 1950.

MUNDT also took an active part in the celebrated and controversial hearings of the old McCarthy committee which plunged pell mell into the Communist-in-Government question.

The highlight of MUNDT'S career came when he served as chairman of the televised Army-McCarthy hearings in 1953, proceedings which probably stirred more public attention and comment than any other congressional hearing.

It was a highly emotional, tense atmosphere. Tempers were short. Action was fast.

But through it all, MUNDT and MCCLELLAN were probably the calmest people in the room. As chairman, MUNDT had to referee the storm of words, charges, and countercharges.

MCCLELLAN did his part by boring in with purposeful questions, with no grandstand play attached. It was during these hearings that the Arkansas Senator first gained his reputation of being the Senate's best interrogator.

In an interview with the News, MUNDT said the Estes case could take on far greater significance than has already been attached to it. He did not elaborate.

He feels the problem goes beyond the manipulations of Estes, extending to the entire field of agriculture programs and their management

The hearings, he said, should clear the confusion regarding both matters.

MCCLELLAN expresses himself in much the same manner. He feels existing agriculture laws should be studied thoroughly as they apply to Estes' affairs. He wants to determine if the law is written to invite mismanagement and what can be done to tighten it up.

"This whole thing," he said descriptively, "goes beyond the taking of a pair of pants." (He was referring to gifts of clothes from Estes to U.S. officials.)

When the Estes hearings do open, committee counsel Donald O'Donnell, who has had the gigantic task of tying all the loose ends together, will be doing most of the questioning.

But two political "pros" of the Senate, JOHN MCCLELLAN and KARL MUNDT, will be at his side—directing, prompting, and questioning.

MCCLELLAN keeps his hearings under firm control, resisting any possibility of a circus atmosphere. Nevertheless, quite a show is shaping up.

THE CAPITALIST SYSTEM

Mr. TOWER. Mr. President, in this day and age the term "capitalism" seems to have taken on an evil connotation in many parts of the world, and sometimes we Americans are not as quick to defend it as we should be.

In the May–June 1962 issue of Screen Actor appears an article entitled "But What Are You For?" The article was written by Edmund Hartmann, the former national chairman of the Writers' Guild of America. This excellent article is one of the best defenses of the capitalist system I have ever seen; and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUT WHAT ARE YOU FOR?

"I know what you are against, but what are you for?"

That question is from "South Pacific," which opened 13 years ago. It was a good question in 1949 and it's a good question now.

What are we for?

In Hollywood we are plainly against communism, fascism, cannibalism, racism, rape, incest, juvenile delinquency, gangsterism, corrupt politicians and tyranny. We're not quite sure where we stand on monarchy. We certainly make clear our anger at injustice and cruelty. And if sometimes we go tilting at windmills like Don Quixote, lance down, full gallop—it's with the best intentions.

But if we are for anything in particular beyond individual and corporate survival, it has escaped me. Of course, we are for freedom in the abstract, even though my freedom may not be your freedom. We are for democracy, with reservations. (It puzzles us that the Communist states keep repeating they are for democracy.)

We know what the Communists are for.

They have something definite and positive to sell. They have demonstrated brutal but effective techniques for pushing primitive agrarian societies into the industrial revolution.

For 40-odd years we've been shouting that Communists are thieves, liars, cheats, and scoundrels. But a hungry, miserable world, looking for some way out of despair, isn't impressed. If a man in a burning building sees a door, it isn't enough to yell at him not to go that way. You'd better tell him where he should go, because he's going somewhere. It comes to the same question. "I know what you are against, but what are you for?"

Personally, I am for capitalism.

The extent to which you flinched when you read that simple statement is the extent that the image of our capitalist economy has been distorted.

What do you think of when you hear the word "capitalist"? Vested interest, special privilege, cartels, price fixers, goon squads, monopolies, trusts?

Why not abundance? Consumer goods? Food?

If we're not selling capitalism, if we don't believe in our own economy, what do we believe in? The antithesis of communism is not freedom; it is not democracy; it is not religion. It is simply capitalism.

And capitalism is the first economic system in the world to produce the problem of abundance. In the rest of the world, all problems stem from some degree of scarcity. China faces famine. Russia struggles to maintain a heavy industry, and still channel a trickle of consumer goods to the people. Throughout South America, Asia, Africa, even much of Western Europe, the problem is scarcity.

Here under capitalism we have so much wheat, we don't know how to store it. We cap our petroleum wells and allow 8 or 10 days of use per month. Steel is somewhere around 70 percent of capacity. We develop soil banks to stop farmers from overproduction. Detroit assembly lines are well below capacity. Unions are now arguing the 30-hour week as a way to balance overproduction. In brief, capitalism, its organization of engineering, industrial and labor genius has given us such fabulous wealth that the problem is what to do with it.

What would any other country in the world give to have such a problem? At its worst, capitalism has been more efficient and

productive than any other system the world has so far conceived. But up to now, we've been numbed by the confidence of the Communists, as if they really were the wave of the future. As a matter of fact, barring military moves and some space tricks, communism hasn't done so well.

Marx expected communism to be introduced to the world by highly developed industrial societies such as Germany. He was wrong. Communism has taken hold only in disorganized agrarian societies.

In "Das Capital," Marx listed many examples of labor exploitation by management. He claimed the only way labor could free itself of exploitation was by revolution. He was wrong. One by one, the capitalist exploitations he outlined, such as child labor, slave labor hours, sweat shop conditions, etc. have been solved by labor and management under ethical capitalism.

Marx pointed out flaws in the capitalist system which should have destroyed us long before this, but like the ability of the bee to fly in defiance of all engineering principles, we move onward and upward to a better and better life for all.

It doesn't take much courage to be a capitalist in the United States. It's like chalking a "V" for victory during the last war on a Beverly Hills mailbox. But it's what we are, it's the image we should present, the idea we must communicate.

I would be the last to suggest that we produce the Russian type of simple-minded propaganda picture to sell capitalism. Kansas farmer gets combine. Detroit worker gets two cars and a color TV set. Texas engineer builds bridge for the cause. I don't even want to revolutionize Hollywood or organize it for a conceived propaganda drive.

As a fan, I hope to continue to see Rock Hudson try to maneuver Doris Day into the bedroom. I want to watch Frank and his chums playing the Rover Boys on the loose. I want to look at Liz being beautiful, and Marlon making a girl wilt. I wouldn't change movies or TV programs to compete with the Communists.

I suggest one simple alteration. Pride to replace shame. Pride in capitalism. It doesn't have to be overstated or even stated at all. It could be felt, sensed, absorbed intuitively if we picturemakers were conscious of it. We should continue to welcome criticism of capitalistic flaws, scathing where justified, but in perspective. Let the world know that we are proudly, emphatically, definitely aware of the glories of ethical capitalism.

And if someone like the French planter in "South Pacific" should ask, "I know what you are against, but what are you for?"

We are for capitalism.

LAND-GRANT COLLEGES AND UNIVERSITIES

Mr. ERVIN. Mr. President, this year marks the 100th anniversary of the signing by President Lincoln of the Morrill Land-Grant Act. As a result of that historic action, the United States now boasts 68 land-grant colleges and universities, all of which are among the finest institutions of higher learning in our country, and many of which might not be in existence but for the Morrill Act.

Two of these great schools are located in North Carolina: the North Carolina State College, in Raleigh, and the North Carolina Agricultural and Technical College, in Greensboro. The amount of important research and the number of distinguished alumni contributed by these two colleges have indeed enriched the heritage of our State and Nation. I am genuinely proud of their stature in the educational world, and am deeply grateful for the Morrill Act, an example of Federal aid to education which I wholeheartedly endorse.

Dr. John T. Caldwell, chancellor of North Carolina State College and president of the Association of State Universities and Land-Grant Colleges, who also is a great scholar and a brilliant educator, recently wrote a thought-provoking article concerning the origin and accomplishments of our land-grant colleges. Mr. President, I ask unanimous consent that Dr. Caldwell's article, entitled "Powerful Thrust of Democracy," which appeared in the Christian Science Monitor of February 1, 1962, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE LAND-GRANT COLLEGES: POWERFUL THRUST OF DEMOCRACY

(By John T. Caldwell)

The land-grant colleges and universities of the United States were born out of a high estimate of education as an instrument of individual and social progress. They were born with a broad concept of the many different kinds of abilities human beings possess and the value of cultivating them all to the utmost. They have been committed from their beginning in 1862 to the wide dissemination and use of knowledge. They were born from faith in the American people and their great destiny.

How magnificent a concept. No wonder newly developing nations of the world and even old nations undergoing self-appraisal now are scrutinizing higher education in the United States for useful hints to themselves.

The centennial year of the land-grant institutions occurs at a moment when the United States is taking a close look, even an anxious look, at the magnitude and urgency of its own educational task.

In 1862 a national population of 32 million boasted 203 colleges and perhaps 25,000 college graduates, three-fourths of 1 percent, such as they were. Today a rapidly increasing population of 180 million is served by more than 2,000 institutions of higher education enrolling 3,891,000 students, and counting millions of alumni. One-fifth of the students are in land-grant colleges and universities. These colleges which were "born to grow" are doing it, dramatically.

IMPACT MEASURED

Today—100 years after the act of Congress creating them—there are 68 land-grant universities and colleges. Some are one with the State university (as in Minnesota), some are separate (as in Mississippi), some function as part of a private institution (as Cornel). Although they comprise in number fewer than one-twentieth of all colleges and universities in the United States, their enrollment is one-fifth of the total. They grant 22 percent of all the bachelor's degrees conferred, 25 percent of the masters degrees, and 38 percent of the doctorates.

In engineering, 40 percent of all degrees at the bachelor's level are granted by the land-grant institutions, 42 percent of all masters and 53 percent of the Ph. D.'s. In the vitally important fields of mathematics and the physical sciences 35 percent and 42 percent respectively of the Ph. D.'s are earned in land-grant colleges. As would be expected, the graduates in agriculture are produced heavily by these institutions: 80 percent of the bachelors, 97 percent of the masters, and all of the doctorates. One-fourth of the doctorates in the arts and languages, in business and commerce, and in professional education are conferred by the land-grant institutions.

Twenty-one of the thirty-six living American Nobel Prize winners who studied in this country earned land-grant degrees.

The enormously productive agriculture of the United States rests directly upon the research and educational effectiveness of the land-grant system. Today one American farmworker feeds 23 other people, a marvel in the world and a prerequisite to other advancement. The Agricultural Experiment Stations (dating from the 1887 Hatch Act) and the Cooperative Extension Service in agriculture and home economics (dating from the Smith-Lever Act in 1914) are integral parts of the land-grant enterprise. The "county agent" is a man of distinction in American higher education and in rural life. He has also become a peacemaker in combining technical ability with skill in human relations to helping other developing economies of our world.

BASIS PUT TO TEST

Even now, however, the land-grant outlook and philosophy are being tested.

Will these institutions have the resources to grow and to maintain quality at the same time? This is a test of the public will and priority of public purpose.

Do they have the ability to use effectively the resources provided by the people and in a manner which will satisfy an intelligent taxpayer? This is mainly a test of management competence.

Can they provide maximum opportunity for the most brilliant minds while at the same time and often on the same campus provide for the student of lesser but solid ability who has much to gain from higher learning which will be returned in enlarged service to his fellow men? That is a test of educational skill.

Can these institutions meet the insistent demands for applied research and yet have time and money for the constant replenishment of our fundamental knowledge of the why and the wherefore of life and energy and behavior? This is a test of both academic character and public understanding.

Can the tremendous achievements of the land-grant colleges in agriculture be duplicated in facing up to the technological and social problems of an urban population? Will the effective skills typical of our extension philosophy be applied to urban living? This is a test of institutional adaptability and determination to face up to new educational needs and to obtain support for meeting them.

The land-grant colleges face the test of internationalism, meeting the manifold requirements of the Government for forging helpful relationships in depth with the people of the world and their problems—now ours. Not just can they but will they see the needs beyond the immediacy of local enterprise within the respective States and apply their skills and resources to a worldwide campus? This indeed is a test of public vision.

CONCEPT PLACED ON SCALES

All these tests are indeed being met—even brilliantly—in places. Another test, however, has not been resolved. It is a test of the whole concept of public higher education. It is a test more of the taxpaying public than of the institutions themselves. The United States is being tested on whether it wants its land-grant and other public institutions to continue to serve generously and deliberately the educational needs of all the people for the benefit of society. No student loan program or a student scholarship program yet proposed substitutes for low-cost public higher education.

Sometimes the public colleges are told to raise their charges to students for tuition to meet their budgetary requirements. The issue is complex. But surely it would be a

subversion of the history and purposes and enormous achievements of the public institutions to force them now to remold their open character in imitation of the private and church-related institutions, many of whom desperately need to reduce their charges to students. The availability of low-cost, public higher education in the United States indeed is a measure of contemporary democracy, of political responsibility, and of commonsense.

The powerful thrust of democracy in American higher education so evident today is part and parcel with the forces which produced the land-grant movement.

Education in all ages and places has reflected the controlling notions of what the society itself ought to be or become. The older, stratified societies, aristocratically controlled, or colonially governed, built educational systems accordingly, systems which were restricted in outlook both for the nonprivileged individual and for the society's future.

OPPORTUNITY UNFOLDED

Education in this new land was sooner or later destined to reflect its generous concept of the place of the individual and its constantly expanding ambitions for economic and cultural growth, locally and nationally. In retrospect, however, the reflection seems to have been slow in coming. For during the colonial period and the immediately ensuing preoccupation with nationmaking, the aristocratic and classical character of education inherited from England and the Continent and which had prevailed for 200 years was dominant.

Then followed a combination of forces operating to open up educational opportunity. Jacksonian democracy, a general intellectual awakening, the step-up of science, industry, and invention, agricultural ferment, and even concern over the dissipation of Federal landholdings, combined to produce dissatisfaction with existing education and pressures for improvement. One of the outcome was the Morrill Act of 1862. Vetoed earlier by President Buchanan, Justin Morrill's bill was signed into law by President Lincoln July 2, 1862.

This Land-Grant College Act brought into possibility, on the pattern of Michigan's new State Agricultural College (1855), a nationwide pattern of colleges, at least one in each State, "where the leading object shall be, without excluding other scientific and classic studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts in such manner as the legislatures of the States may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

The Government granted each State agreeing to the terms 30,000 acres of Federal land for each Senator and Representative in Congress, which acreage was to be sold to provide a capital fund on the investment of which the State would pay in perpetuity 5 percent annually to support the college.

DEMOCRATIC IN CHARACTER

Whether measured in student enrollment, off-campus instruction and technical assistance, or research of fundamental value to human welfare, this group of institutions has made the Morrill Act probably the most significant single piece of social legislation in U.S. history. Their characteristics are clear.

These colleges are democratic in character. No one of them has ever assumed that it should limit the opportunities of its campus to a narrowly conceived aristocracy of position, intellect, or money. They have assumed on the other hand that as the Nation grew, as knowledge expanded, as the range of competencies required by the society was extended, it was their job to serve these expanded needs of the people. This view persists.

These colleges reflect the spirit of Francis Bacon, who had urged three centuries earlier, but with little success, that knowledge should be found and used to improve the lot of mankind.

The land-grant colleges have never been "ivory towers." They have never been far removed from the people they serve and the needs which have nurtured their growth.

The land-grant colleges and universities illustrate dramatically that the people, the public, through their constituted organs of government, hold the major responsibility for the advancement of knowledge and the education of citizens. These colleges are public, tax-supported institutions. Though their resources are supplemented in important respects by private grants and support, the basic responsibility for their support and the basic commitment of the colleges belong to the people exercised through public channels.

EXAMPLES OF FEDERAL AID

These institutions are living examples that Federal aid to education can serve the national interest with enormously valuable results and without sacrifice of local self-government or institutional integrity. Indeed the United States today would be immeasurably poorer but for this imaginative Federal action one century ago and its continued support in partnership with the States.

They have assumed also the task of developing high standards as a necessary corollary to serving responsibly the special needs of our time. Counseled admissions and placement, honors programs, more demanding curriculums, strengthened faculties, and deepened research commitments characterize the contemporary public university.

Finally, they have not neglected to defend the great principles which universities have always had to defend, such as freedom for the mind. They know now, as intelligent men have always known and as free men always must know, that the risks of freedom to think and write and learn and speak are fewer and less dangerous than the risks of suppression.

The centennial year of the land-grant colleges and universities of the United States finds them living more intimately than ever with the busy world they helped to create. Nuclear reactors, radio telescopes, mass spectrometers, experimental swine shelters, greenhouses, nursery schools, art studies, language laboratories, television stations, theaters, computers, filmed documents—the full range of human knowledge, curiosity, and endeavor, mark the contemporary mission of this educational system.

CONTRIBUTION TO NATION

Without these colleges, which were originally founded especially to teach "agriculture and the mechanic arts," American agriculture would have developed anyway to some extent; industry would have expanded; the defense establishment would have trained a fair number of officers for its reserve and active cadres. No doubt some American pure scientists would have teamed with other innovators and inventors to produce some applied results even useful to the farmer. But let us make no bones about it. The United States would not enjoy the culture nor have the productive capacity that it does today—in farm, forest, skyscraper, or factory—without the contributions of research and the wide dissemination of knowledge to which the resources of the land-grant educational system have been devoted.

The land-grant colleges and universities exist to help unfold the glories of man's possibilities and not to settle for less, to make it possible for all men to look out upon a universe better understood, more kind, more just, more abundant than when these colleges entered the scene 100 years ago.

To this end they are rededicated and beg the sustaining company of all the Nation in the journey ahead.

COMMITTEE MEETING DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Finance Committee be permitted to sit during the session of the Senate today.

The VICE PRESIDENT. Without objection——

Mr. LONG of Louisiana. Mr. President, reserving the right to object, I wish to state to the majority leader that I shall not object to this request, although it places some of us, particularly this Senator, at somewhat of a disadvantage, because there are on the Finance Committee certain Senators whom I should like very much to have in the Chamber, to hear the debate, because I think there are prospects that some members of the committee would agree with me if they were to hear the debate.

However, realizing the problems at this time confronting the majority leader, and also realizing that there are important matters which the Finance Committee must hear today, I shall not object.

The VICE PRESIDENT. Is there objection?

Mr. CARLSON. Mr. President, reserving the right to object, let me say that the only reason I bring up this question is that I understand that tomorrow the Senate will convene at 10 o'clock a.m., and the distinguished chairman of the Finance Committee has announced hearings on sugar legislation.

In view of the June 30 date which is closely approaching, I sincerely hope the committee will be permitted to sit at least in the morning, or the forenoon, of both Wednesday and Thursday, to consider the sugar legislation, in order that we may get it to the Senate next week. This legislation is most important.

I agree with the distinguished Senator from Louisiana; I would object to standing authority for the committee to meet during the sessions of the Senate for the remainder of the session; but I hope that day by day the committee will be allowed to meet long enough to consider the sugar legislation.

Mr. MANSFIELD. Mr. President, I appreciate the statement made by the Senator from Kansas. I assure him that so far as the Senator from Louisiana and other Senators are concerned, they have a very sympathetic and understanding attitude; and we hope that at least for all day tomorrow these matters can be worked out satisfactorily at the proper time.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana? The Chair hears none; and it is so ordered.

HEARINGS ON NOISE ABATEMENT

Mr. KEATING. Mr. President, in mid-April, I introduced a measure to amend the Federal Aviation Act which would direct the Federal Aviation Agency to undertake research to determine how to establish methods for measuring and, if

possible, cutting down objectionable aircraft noise. Although there is now in the Federal Aviation Agency some activity along these lines, the pressing problem of airport expansion to accommodate jets makes more rapid progress vital.

Recently a number of developments in the field show the great need for more Federal activity and better public understanding of the problems that will be coming up over the next 5 years. At a hearing recently held at Idlewild Airport, the regional FAA Administrator held out little hope of any immediate solution. He frankly admitted that engine development had not progressed to the point where engine noise levels could be rated and regulated.

Mr. President, one of the purposes of my amendment is to speed up research on the internal design of engines, so as to cut down noise at the source as soon as this is technically feasible. The position taken by the FAA Administrator of the eastern region only reinforces the need for more vigorous action.

Another area which has not been thoroughly investigated, and certainly has not been thoroughly publicized, is the need for better and more compatible uses of land directly in the noise path of jets. In such heavily populated areas as Long Island, the principal effort must be on noise abatement, but in other parts of the country, where the population density is not as high, strict and responsible zoning policies can do much to draw the sting from jet operations.

Mr. President, I sincerely believe the whole problem would benefit by a full and adequate hearing. For that reason, I have called on the Chairman of the Aviation Subcommittee of the Senate Committee on Commerce to hold hearings on my bill and any other related proposals, in an effort to put the present efforts in better perspective and to make clear to all concerned, homeowners, real estate developers, town officials, airport operations, and airlines, what can be done at this time. Such a discussion will undoubtedly reveal the need for stepped up Federal effort in noise abatement as well as other areas to assist in the nationwide shift to jet aircraft and to ease the transition to the airage ahead.

Mr. President, in view of the great interest in this problem, I ask unanimous consent to include in the RECORD following my remarks two articles outlining the recent meeting held in the New York International Airport, and an address by Mr. Harry F. Guggenheim before the foundation and executive committee of the Cornell-Guggenheim Aviation Safety Center.

There being no objection, the articles and address were ordered to be printed in the RECORD, as follows:

PROTESTS ON NOISE OF PLANES SCORED—FAA AID CITES POSSIBLE LOSS OF AVIATION TO CITY—RELIEF HELD UNLIKELY

(By Edward Hudson)

The regional head of the Federal Aviation Agency declared yesterday that continued community pressures to halt aircraft noise could drive aviation out of New York.

The official, Oscar Bakke, assistant administrator for the eastern region, said at a meeting of community, Government, and aviation leaders at the New York International Airport that community pressures would probably cause few additional technical improvements in noise abatement.

He explained, however, that the Federal Government, which this year will contribute about $17 million of $50 million for airport improvements in this region, was "not insensitive to complaints in an area such as noise."

Community pressures, he said, "will have considerable effect on the formulation of basic policies of the Federal, and probably State governments, with respect to the location of future airports which will be developed."

OFFICIALS AT MEETING

The meeting was called by the Aviation Agency to describe progress on the noise problem at Idlewild and other airports in this area in the last year. About 75 persons attended the session in the airport's Federal Building.

Among those present were State Attorney General Louis J. Lefkowitz, Nassau County Executive Eugene H. Nickerson, Representative Seymour Halpern, Republican, of Queens, and Representative P. Joseph Addabbo, Democrat, of Queens.

At times the meeting produced sharp comments from the audience. C. H. Williams, an FAA research official, evoked a protest when he said an aircraft engine could not be developed that would provide a "quiet environment" for communities directly off the ends of runways.

Harold W. Felton, president of the North Queens Homeowners Association, asked: "What are you going to do with these communities? Are we going to have to wait another 25 years for relief."

NO ANSWER TO QUESTION

Mr. Williams responded that he could not answer the question. "We've got to sit down and make a long range look-see, and make a choice," he said.

Martin White, regional counsel for the agency, said in a response to a question by Representative ADDABBO, that the FAA had authority to prescribe air-traffic rules to abate noise, but did not have authority—nor had it sought it—to regulate engine-noise levels.

He said the state of engine development had not progressed sufficiently to make such a regulation feasible.

Mr. Bakke outlined measures under consideration by the agency to alleviate the noise problem around La Guardia and particularly Idlewild. Beyond those, he declared, "I see very little long-range hope for serious or significant abatement of aircraft noise in the New York area."

FAA EARS BURN OVER JETS' NOISE

(By Ellison Smith)

The Federal Aviation Agency was accused yesterday of being more sensitive about the audiences at Jones Beach theater extravaganzas than concerned about the peace of mind and peace of quite of homeowners in Nassau and Queens.

The FAA policy on noise from incoming and outgoing jets at both Idlewild and La-Guardia Airports was subjected to a series of criticism from citizen groups and legislators at a 4-hour hearing at Idlewild conducted by Oscar Bakke, assistant administrator in the eastern region for the FAA.

The remark about Jones Beach came from Samuel E. Siegel, counsel for the Aircraft Noise Control Committee of Nassau County.

He said that the FAA had yielded to the soft persuasions of the then park commissioner, Robert Moses, in ordering planes away frm Jones Beach while the night shows were being performed.

"This would indicate to me that watching a show is held in higher esteem than the sleep and health of people who elect to stay home," Mr. Siegel said.

Mr. Bakke had no comment on the Jones Beach criticism, but when the hearing was over he conceded that there was little his Agency could do about noise in general. He said the Agency was constantly striving to effect changes in airplane design and the introduction of softer sounding compressors to make life more tolerable near major airports.

"The Government is not unsympathetic to noise complaints but we cannot compromise with maintaining safety standards for airplanes," Mr. Bakke said.

He was joined in this stand by Edward Bechtel, chairman of the Airline Pilots Association, who told the complainers:

"We won't let you regulate us to the point where we can't fly our airplanes ir safety."

But aside from Mr. Bakke and Mr. Bechtel, the sentiments sounded all afternoon echoed the feeling that the world might be better off if the Wright brothers had never left the ground.

The FAA came in for some rather uncomplimentary phrases from Representative SEYMOUR HALPERN, Republican, Queens, and Attorney General Louis J. Lefkowitz, both of whom accused the Federal agency of ignoring pleas to support antinoise legislation both in Congress and the State legislature.

Harold W. Felton, president of the North Queens Home Owners Association, said the failure to suppress noise at Idlewild was in effect expropriating homeowners' properties.

"We don't want to sell but if the public need is greater than ours then you should buy the properties and homes from us and then be free to build larger airports," Mr. Felton said.

John Wiley, director of aviation for the Port of New York Authority, testified that the bi-State agency is doing its bit to suppress noise by undertaking construction of a $9.7 million runway extending a half mile into Jamaica Bay. He said the runway will be completed by 1964.

Ending on a dubiously happy note, Mr. Bakke told the complainers that after 5 years things won't get any worse.

"By that time we will have reached the saturation point of plane traffic at both Idlewild and LaGuardia and after that the additional planes will have to go elsewhere," Mr. Bakke said. Where, he didn't say.

REMARKS BY HARRY F. GUGGENHEIM BEFORE THE FOUNDATION AND EXECUTIVE COMMITTEES, THE CORNELL-GUGGENHEIM AVIATION SAFETY CENTER, WASHINGTON, D.C., MAY 16, 1962

The domestic airlines of the United States are operating without a profit, and its international airlines are nearly in the same condition. A profitless industry is an unhealthy industry. In spite of meticulous regulations, there may be forces acting to the detriment of safety operations in such an unhealthy industry.

The human equation is the most important part of safety in aircraft operation, both in the air and on the ground. Safety is not entirely achieved by cut and dried methods or formulas. Large areas for use of judgment and discretion exist in aircraft operation. In times of economic stress, it is not unreasonable to assume that the exercise of judgment and discretion may be influenced by the need to earn or conserve funds.

In such times, when economic pressure is great, the routine enforcement of specific regulations can hardly preclude such subtle and indeterminate variables as a tendency to cut corners to achieve economy, to make reductions in maintenance or operating personnel, to meet minimum requirements for

safety without going beyond this, or to reduce or eliminate research and development projects established to enhance safety or efficiency, or both.

The shortage of funds in the past has created lags in the development of projects and installation of devices which would have improved our airlines, and might well have given us a far better safety record today. I think it is probable that many airline projects are being neglected or delayed even today because of the lack of funds.

Only the President and the Congress of the United States can cure the ill health of the air carriers. The airlines are regulated by acts of Congress. Routes are designated, operations and fares are controlled by the Civil Aeronautics Board, an independent agency of the Government with authority prescribed by the Congress.

There have been innumerable committees of fact-finding experts, boards of inquiries and investigations. Some of these have been of inestimable potential value, but not enough of these findings have been implemented. More important, there has not been an attempt to prescribe for the real malady of the airlines. The treatment has been directed to the symptoms such as inadequate regulations, traffic control, airport development, weather reporting and communication, aid to navigators, pilot efficiency, and other factors. These symptoms must be treated effectively and cured. Safety is dependent upon the removal of these manifest hazards. However, the malady that causes these symptoms is wholly inadequate financial resources for this industry whose growth has been unparalleled.

In 1927, one lonely man, Lindbergh, made a flight from New York to Paris. People asked then: "In our lives will it be possible for us to fly across the ocean?" Today, in a scant 35 years, the miracle of reasonably safe, voluminous and fantastically speedy air transportation is a commonplace of modern life.

This unpredictable and collosal growth of air transportation has created problems that the air transport companies have not had the financial resources to meet. These problems will be accentuated as we enter the supersonic phase.

Air transportation is just beginning to feel new forms of competition that will increase in the future to the jeopardy of the industry. The nature of this competition is two-fold. First, land and sea transportation are employing new means and devices for greater speed, comfort and safety, and new methods of transportation are being developed from pipelines to monorails. Second, new scientific developments in communications in the telephone and television fields are threatening to make the necessity and desire for travel less urgent.

In an earlier epoch, when the free enterprise system was given a very loose rein by Government, the air transport industry would have solved its financial problems in the normal pattern of those days. Inefficient management and wasteful duplication would have been eliminated by ruthless competition, followed by combinations and mergers. Wage and hour demands of labor would have been resolved clumsily after strikes and lockouts, accompanied by violence. All the funds needed for the capital requirements of the expanding industry would have been supplied by an eager speculating public, confident of huge profits from the future growth of the industry. In this age we can do better than that. We have found, and are constantly seeking, new ways to make more equitable our industrial system.

Today the free enterprise system is subject to drastic controls, especially in the public service field of transportation. With these controls the Government must assume responsibilities. The Government of the United States controls the profits of the air carriers through regulations. However, the Government has never determined how money for the present and future huge requirements of the industry will be made available.

The Congress makes very large annual appropriations in support of various immediate needs of the air transport system. But these are palliatives that strike at the symptoms of the ill health of the air carriers. They do not strike at the malady—a profitless air transport system.

The President and the Congress are faced with either permitting the carriers to make a profit, or with the unpleasant necessity of taking over and operating the air transport system after a large part of it has become bankrupt. We have had every manner of investigation of our needs in air transport but the basic financial one. That is how much money is now needed and will be needed in the near and distant future to keep the United States foremost in aviation, and to make the airlines safe for its citizens. And at the same time the underlying reasons why the airlines are operating without a profit should be found and disclosed. With these facts established, the Congress must determine who is to pay for our national objectives in air transport. Adequate fares should be charged to the public that uses the airlines, so that the air transport companies can give adequate service and can make a reasonable profit. The municipalities and States benefit from air transportation and should contribute their fair share for this service.

Only the Federal Government can determine to what extent the public, municipalities, and States, and the Federal Government through general or specific taxation, should contribute to the cost of air transportation.

The President and the Congress should no longer refuse to recognize this problem, and they must assume the duty of solving it. As the States' political policy evolves from "laissez faire" to rigid control, it must devise new means to encourage and stimulate private enterprise or it will wither and perish.

THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

Mr. JAVITS. Mr. President, it is a matter of record that in the civil rights field, the President has placed the great emphasis of his administration on executive department action, rather than legislation. In view of that fact, it is a matter of deep concern to me that one of the results of Executive action—the President's Committee on Equal Employment Opportunity—is reportedly suffering from a conflict of philosophies and a conflict of personalities. As a result of this division, it has been charged that the effectiveness of the Committee is impaired in carrying out its mission to prevent discrimination in employment opportunity among contractors with the Federal Government.

I find especially disturbing the report in the New York Times ascribing to a member of the Committee, Robert B. Troutman, Jr., of Atlanta, the view that segregated plant restrooms and cafeterias are not worth the "fuss" of integration. Moreover, the New York Times report states that there has been "relatively little followup" on Mr. Troutman's so-called plans for progress voluntary program to sign up nondiscriminatory companies, with only 6 of the 52 signatory companies having reported on their Negro employment.

An outside observer is quoted as saying:

I've talked to many industrial people, and they say, "We're all ready to go but nobody's come around to guide us. Troutman's staff just is not equipped for that type of operation.

This story, as well as charges made in April by Herbert Hill, Jr., labor secretary of the National Association for the Advancement of Colored People, raise grave questions about the workings of this Committee.

It seems to me that the President ought to speak out on these serious charges. Are we to assume that this is yet another effort on the part of the President to appease the southern wing of his party?

I urge the President to reaffirm the policy he set forth in his Executive order of March 1961, which established the Committee. I urge him to clarify the role of his alleged "good friend," Robert Troutman, Jr., in the work of the Committee in contradistinction to the work of its executive director, John G. Feild.

The reports of division in the Committee on Equal Job Opportunity underscores the need for legislative action to establish a statutory base for the Committee. I introduced such a measure on January 17, 1961, with a bipartisan group of 13 other Senators. There is a longstanding history for this proposal, dating back to the two previous administrations, but the present administration, as has been its practice with other urgently needed civil rights legislation, has refused to back such a proposal.

I have today sent letters to the Senate Committee on Labor and Public Welfare and the Senate Subcommittee on Labor urging that hearings be conducted on this bill. In this way, Congress will be able to fully examine the work of the Committee, the need for a statutory base, and the desirability of continual congressional oversight of the Committee's activities.

I ask unanimous consent to append the news story from the New York Times of June 18, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.S. PANEL SPLIT OVER NEGRO JOBS—JOHNSON COMMITTEE TRIES TO RECONCILE VOLUNTARY AND COMPULSORY PROGRAMS

(By Peter Braestrup)

WASHINGTON.—The Kennedy administration's year-old drive to open up industrial jobs to Negroes has become entangled in controversy.

The agency concerned is the President's Committee on Equal Employment Opportunity, headed by Vice President JOHNSON.

The controversy has strong political overtones. It centers on reconciling the "compulsory" program headed by John G. Feild, the Committee's staff director, and a "voluntary" approach being pressed by Robert B. Troutman, Jr., of Atlanta, a member of the panel who is a close friend of President Kennedy.

The outcome is expected to be affected by a report Mr. Troutman is to submit to President Kennedy this Friday and by the findings of Theodore W. Kheel, a New York

lawyer, who is completing a study of the Committee's operation for Mr. Johnson.

The Vice President's aids and Secretary of Labor Arthur J. Goldberg, Vice Chairman of the Committee, have insisted that the controversy is not serious. "I like a little healthy diversity," Mr. Goldberg said in an interview. "There is bound to be disagreement in a group as varied as this one."

However, some civil rights groups, notably the National Association for the Advancement of Colored People, have expressed concern. They fear that Mr. Troutman's operation, if uncontrolled, will weaken the "hard line" originally laid down by the President.

Similar worries have been voiced privately by some Committee members, notably John C. Wheeler, president of a Negro bank in Durham, N.C., and Walter P. Reuther, president of the United Automobile Workers.

The hard line was set out in the President's Executive order of March 1961, which created the Johnson panel and its 35-man staff, headed by Mr. Feild, former executive director of Michigan's Fair Employment Practices Commission.

The panel was given the job of ending racial discrimination by Federal agencies and private concerns with Government contracts. Such discrimination was prohibited by the order.

Unlike its counterpart under Vice President Richard M. Nixon, the Johnson committee's mandate had "teeth." The sharpest were a compliance reporting system for industry, active investigation of Negro complaints, and sanctions against recalcitrant employers, including contract cancellation.

SIXTY-FIVE PERCENT SETTLED

"We mean business," the Vice President has repeatedly told both industry and civil rights groups.

To date, under Mr. JOHNSON'S supervision, Mr. Feild's office has received 870 compliants of discrimination by Government contractors and has settled 65 percent of them, with the aid of other Federal agencies.

With considerable help from industry, the Feild staff has also slowly created an equality control system covering 300,000 manufacturing concerns that do business with the Government. Fifteen million employees are covered.

This data-processing system is designed to show the job status of Negroes in each concern, the progress made and comparisons within specific industries and labor markets. With this data, the Feild staff and contract compliance officers in the Defense Department and other buying agencies will be able to identify laggard employers and unions and concentrate their remedial efforts.

Some 200 cases of racial discrimination have been corrected and breakthroughs have been achieved in Negro employment in the North and South without canceling any contracts, Mr. Feild said recently. But he asserted that "several instances of brinkmanship" had been necessary.

FINDS VALUE IN THREATS

"I have been impressed," he told a civil rights group last month, "with the educational value of the threat."

All this smacks of bureaucracy and compulsion to Mr. Troutman, who favors a voluntary approach that makes him the prime focus of Negro suspicions.

Mr. Troutman has strong ties to Georgia's congressional delegation, notably Senator HERMAN E. TALMADGE.

He is easily the most energetic member of the President's Committee. He rises daily at 4:30 a.m. to get 2 days out of one and catnaps during the day.

Shunning the ordinary committee member's advisory role, Mr. Troutman began pressing the much-published plans for progress program last May. Starting with the Lockheed Aircraft Corp., 52 major defense contractors have signed White House agreements to open up more jobs to qualified Negroes. By the year's end, Mr. Troutman hopes to have 100 such concerns signed up.

DECRIES INTEGRATION "FUSS"

"Compulsion is not the thing," he argues. "I'm a lawyer. I can show you how to get around the Executive order. It's got to be voluntary."

He contends that segregated plant restrooms and cafeterias are not worth the "fuss" of integration, as required by the Feild program. "I'm interested in jobs. I'm interested in improving the attitudes of big business," he says.

Late last month, Mr. Troutman sent a report on plans for progress to the Vice President, the White House, and Secretary Goldberg. He did not send it to Mr. Feild. He noted figures showing that in 6 months the first half-dozen concerns to sign the plans, including Lockheed, found 2,000 new jobs for Negroes.

"How many jobs have the 'do-gooders' and 'talk-gooders' produced in 50 years?" he asked.

Along with his report Mr. Troutman submitted a controversial proposal. He suggested that plans for progress be turned over this fall to a council, largely composed of businessmen, that would seek new recruits for a voluntary program. Mr. Troutman would be the new group's executive secretary.

MAY DISCUSS PROPOSAL

Mr. Troutman would get the council moving with a Washington dinner for executives of 100 leading concerns of all types this fall. The businessmen would be addressed by the President, the Vice President, and Secretary Goldberg.

The Troutman proposals will reportedly be considered by the full committee at its next meeting, possibly later this month.

Mr. Troutman's proposals may please Southern Democrats but they are unlikely to please another major Democratic bloc, the Negro voters.

Whitney M. Young, Jr., the new executive director of the National Urban League, commented last month, with respect to existing plans for progress:

"We've tried the voluntary approach for years, and nothing's happened."

Herbert Hill, Jr., labor secretary of the NAACP, charged in April that the White House agreements "resulted in more publicity than progress." He asserted that Mr. Troutman's efforts had deliberately diverted attention and resources from "the systematic across-the-board effort" needed to insure compliance with the President's Executive order.

PUBLICITY VALUE STRESSED

However, Secretary Goldberg said, "I have no complaints about Troutman's operation."

He and Vice President JOHNSON have expressed satisfaction with the 2,000-job gain, and their aids stress the value of publicly enlisting big business against racial discrimination.

The voluntary approach, like Mr. Feild's drive, has not been without its failures. A dozen major concerns, including the United States Steel Corp., Sears, Roebuck & Co., and several oil companies, have refused to sign up.

Mr. Troutman's preoccupation with the spirit rather than the letter of the plans for progress has led to some changes. Last July, the Vice President was presented a plan for progress from the General Electric Co., which was regarded as unspecific and little more than a polite response to the panel's invitation to cooperate.

Mr. JOHNSON promptly ruled that Hobart Taylor, the committee's counsel, would henceforth review all Mr. Troutman's plans for progress.

Moreover, in contrast to the regular compliance program, there has been relatively little follow-up on plans for progress. Only six of the 52 signatory companies have reported on their Negro employment.

"I've talked to many industrial people," said an outside observer, "and they say, 'We're all ready to go but nobody's come around to guide us.

"Troutman's staff just isn't equipped for that type of operation," he said.

Amid both praise and criticism, Mr. Troutman has pushed ahead. He has created a semiautonomous plans for progress staff. He has opened an office in Atlanta and has put some of his personal staff to work with census data, preparing a presentation for him to take to industry.

"I only see the topman," he said recently, "and I tell him it's going to cost him something."

One of his prime talking points is giving the Negro a stake in the free-enterprise system. An infusion of well-paid Negro white-collar workers, he contends, will have a calming effect on Negro communities, which he believes are often dominated by extremist clergymen.

Mr. Troutman shifted operations to Washington in March.

He did not set up shop next door to Mr. Feild's quarters in the vast General Accounting Office Building in midtown Washington. Instead he obtained a suite at 701 Jackson Place, across Pennsylvania Avenue from the White House, where he drops in occasionally to see the President.

Secretary Goldberg said that he approved the separation of the Troutman and Feild staffs, partly to avoid "friction."

Mr. Troutman spends an average of 2 days a week in Washington, both on plans for progress and on other business.

Last October, with Mr. Goldberg's approval, he put his chief aide, Joseph Kruse, on the Federal payroll. Mr. Kruse gets $10,635 a year. In April, according to Labor Department spokesmen, three more of his Atlanta business employees were added at salaries ranging from $6,435 to $9,000 a year.

According to Stephen Shulman, special assistant to Secretary Goldberg, the entire plans for progress operation is expected to cost about $76,000 by July 1. This cost does not include the services of the Feild staff, which was involved in about half the negotiations. The Troutman operation has thus cost little more than one-sixth the full committee's annual budget of $425,000.

Mr. Troutman says that he is so short on office help that Mr. Kruse has to do his own typing.

Mr. Troutman believes that complaints of racial discrimination against employers that have signed plans for progress constitute unfair harassment. Many such complaints, he notes, have been lodged with the Feild staff by the NAACP on behalf of individual Negro workers.

ASKS DATA ON COMPLAINTS

Without notifying Secretary Goldberg, Mr. Troutman last month sent to Mr. Feild's office a request for an accounting of all complaints lodged and whence they came. One of his purposes was to discover which were legitimate and which were filed for publicity's sake, as he saw it. His critics contend that similar tactics have been used in the North by organizations hostile to State fair-employment laws.

"If they want to get rid of plans for progress, they can go ahead," Mr. Troutman says. "I'm not getting anything out of this. I've got to earn my living."

Aside from his law practice Mr. Troutman has been in and out of a host of businesses.

One of them is an interest in a $3 million a year food vending company, Koffee-Kup, Inc., now a wholly owned subsidiary of United Servomation, Inc. Koffee-Kup serves plants and offices in the Atlanta area.

Mr. Troutman is the company's secretary. Among his fellow stockholders is Senator TALMADGE. The biggest of Koffee-Kup's industrial customers has been Lockheed's plant at Marietta, Ga., near Atlanta. And ironically, after Lockheed segregated plant cafeterias were closed under the first Troutman-negotiated plan for progress last year, Koffee-Kup increased its business.

It had not been planned that way, Mr. Troutman said that he had not attended a company meeting in 4 years and had played no part in the concern's operations.

To charges that he lobbied for a $1 billion Air Force jet transport contract for Lockheed's Marietta plant, Mr. Troutman cheerfully pleads guilty. "I think the Southeast should do more pushing," he said.

However, he said that his efforts had been confined to preparing a 10-page study for Georgia's congressional delegation supporting Georgia's claims to a greater share of defense spending. The contract was awarded in March, 1961.

It is against this background of politics and conflicting personalities and philosophies that the President's Committee is going into its second year of operation.

Mr. Kheel, after studying the Committee, is understood to believe that it has made a strong start in eliminating racial discrimination in employment.

CONFIRMING THE NOMINATION OF THURGOOD MARSHALL

Mr. JAVITS. Mr. President, the nomination of Thurgood Marshall to be judge of the U.S. Court of Appeals for the Second Circuit was an excellent appointment which was hailed by civil rights proponents everywhere because of Judge Marshall's brilliant record, particularly of appellate advocacy. Judge Marshall's induction, which I attended, took place on October 23, 1961. Yet confirmation of his nomination has yet to be acted upon by the Senate. He has had to sit on the court for almost an entire term, handling the duties of that office, without Senate confirmation.

A special subcommittee held hearings on the nomination on May 1, 1962. Senator KEATING and I appeared in favor of the nominee, and no one appeared in opposition. The Republican member of the subcommittee, Senator HRUSKA, was the only member of the subcommittee to attend the hearing. Since the hearing, no action has been taken or scheduled, even to report the nomination to the full committee, much less to report it to the Senate. There should be an end to this wholly unjustified delay.

There is some talk of a further hearing. If this is necessary, it should be done at once. If it is just another delaying tactic, it should be exposed as such. Personally, I see no reason whatever why the hearing already held did not offer sufficient opportunity for all interested parties to be heard; but I have such confidence in the nominee that I have no fear about holding further hearings if there is a genuine need for them. The responsibility for this delay is also one the administration must share; the subcommittee and committee chairmen are members of the President's party and should be asked to permit the Senate to deal with this nomination. It is not enough for the President to claim credit for sending a nomination to the Senate. Senate confirmation is also essential. Nor is it enough for the President to say that this is not within his control; the public has a right to know that, too, if that is the case.

Further delay is both unwarranted and intolerable.

STRIKE OF TWA

Mr. MONRONEY. Mr. President, for almost 2 years the Federal Government has made every effort to help the unions and airlines reach a satisfactory solution to the controversy over the composition of the crews on jet aircraft. During this period, I have carefully refrained from any comment on the issues involved. I felt that the parties to the dispute should be given every opportunity to work out a voluntary and mutually acceptable solution. With the announcement by the flight engineers' union of their intention to strike Trans World Airlines, and the implied threat to strike other airlines affected by the dispute, I feel that the situation has changed. I believe that I now have the responsibility, as chairman of the Aviation Subcommittee of the Senate Commerce Committee, to add my voice to those of other responsible officials of the Government in urging the flight engineers to avoid this action, which can only damage their country, the airline industry, and their union.

I have every sympathy with these men. They have made, and can continue to make, a valuable contribution to the safety of air travel. The situation in which they find themselves is not of their making, but is the result of technological change, specifically the transition to jet aircraft.

However, no group of workers has had the benefit of more patient or sincere efforts in its behalf than has the flight engineers. Secretary Goldberg, the Special Presidential Commission headed by Dr. Feinsinger, and the AFL–CIO have suggested a merger of the pilots' and engineers' unions on a basis which would have provided the members of the flight engineers' union with guarantees as to their continued employment and maintenance of their seniority rights, or, failing this, which would have provided them with liberal severance payments to permit them to find other employment. Every effort will be made by the Congress, by the executive branch, and by the AFL–CIO, to which both these unions belong, to protect the interest of the members of the weaker union in a merger with the stronger. But this is not the issue in this strike.

We should remember that throughout this dispute the Federal Aviation Agency has consistently maintained that the flight engineer's duties on a jet aircraft could be performed as well by a person who qualified as a flight engineer after experience as a pilot as they could be by one who qualified after experience as a mechanic. There has never been any evidence that a four-man crew was required or contributed in any way to the safety of operation of a jet aircraft. The four-man crew requirement came about because the pilots' union insisted that the third crewmember should be a pilot, while the flight engineers insisted that the third crewmember should be a mechanic and a member of their union. Several airlines compromised by adopting the four-man crew—a costly piece of featherbedding that the industry can simply not afford. A number of airlines have operated for years with the entire crew pilot-trained and members of the Air Line Pilots Association, including the pilot performing the duties of flight engineer.

The VICE PRESIDENT. The time of the Senator from Oklahoma has expired. Without objection, the Senator from Oklahoma may proceed for an additional 3 minutes.

Mr. MONRONEY. I thank the Vice President.

Mr. President, following this evasion of the issue, the National Mediation Board determined after protracted hearings that the duties of a flight engineer on a jet aircraft did not differ from the duties of a pilot to such an extent as to entitle them to independent representation as a separate craft; and this determination was sustained by the courts. An industrywide strike threat as a result of this determination was then averted by an agreement for a further investigation by the Presidential Commission headed by Professor Feinsinger. This Commission recommended that it was desirable that the pilots' and flight engineers' unions be merged because there was no longer any justification for separate unions, and also recommended very fair and sensible principles on which such merger should take place.

The leadership of the flight engineers' union has adamantly refused to follow this reasonable and responsible course after every effort has been made to seek a formula which would minimize the individual hardship on the members of the union. After their contentions have been rejected again and again by fair and objective third parties, they again resort to the strike to maintain a status quo which has become an anachronism in the changing world of aviation.

Surely the members of this union are aware that an administration which has taken strong measures to prevent an action by industry which it felt was contrary to the public interest must also take strong measures to prevent an action by labor which is contrary to the public interest. Surely they must recognize that the current conditions in our economy are such that the American people cannot tolerate selfish and irresponsible conduct by a small minority of workers which will affect adversely thousands of their fellow workers, our transportation system, and our balance of payments. It is time for reason to prevail in this dispute. If this union insists on a resort to force, it will leave the Government no choice but to employ the greater force for the greater good.

SENATOR NEUBERGER URGES RETAINING GENERAL SAFETY DISTRICT OFFICE, FEDERAL AVIATION AGENCY, IN MEDFORD, OREG.

Mrs. NEUBERGER. Mr. President, I am seriously concerned by the proposal

of the Federal Aviation Agency to transfer activities of the Medford, Oreg., General Safety District Office. Medford is the second busiest airport in my State, and a real hardship would result if business is required to be transacted in Portland or Sacramento, Calif., 230 and 290 miles away, respectively.

I have written the Administrator of FAA expressing my concern with this matter and the hope FAA will review its decision and continue the General Safety District Office at Medford.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD my letter to the Administrator of the Federal Aviation Agency, Mr. Halaby, together with an editorial of June 13 on this subject from the Medford Mail Tribune, a prominent daily newspaper.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

JUNE 5, 1962.

Hon. NAJEEB E. HALABY,
Administrator, Federal Aviation Agency,
Washington, D.C.

DEAR MR. HALABY: I am writing to express my personal concern regarding the proposed closing of the General Safety District Office presently located at Medford, Oreg. Such a closure would present serious difficulties to aviation in this area of my State.

The present GSDO office at Medford has both a pilot inspector and an aircraft inspector. Both are vital to the continuous operation of the general aviation fleet. If the office were cloesd, southern Oregon pilots, aircraft owners and mechanics would have a choice of conducting their frequent business with the Sacramento GSDO, 290 miles away, or with the Portland office, 230 miles away. The hardships are obvious.

I understand it is a matter of record that the Portland GSDO office is so swamped with work that pilots have waited more than a year to take an advanced flight check, which the local Medford office presently cannot give.

Because of the great distances involved, a separation of GSDO offices by 520 miles if the proposed closure takes place, it is my hope that your agency might reconsider its action with respect to Medford.

Sincerely,

MAURINE B. NEUBERGER.

DON'T MOVE GSDO

A small story in this newspaper last week reported that the General Safety District Office of the Federal Aviation Agency would be moved from Medford to Portland this month.

The announcement has drawn strong protests from those associated with the general aviation industry throughout southern Oregon and northern California. It appears to us the protests are fully justified, and that the FAA should rescind the order unless it can be shown to be in the public interest.

Such a change would impose real difficulties, if not hardships, on a large number of individuals. We doubt that it could be shown that moving the office would result in any savings, either.

A letter written to Senator MAURINE NEUBERGER explains why aviation in this area would suffer. In part, it said:

"The GSDO has both a pilot inspector and an aircraft inspector. Both are vital to the safe growth and continued operation of the general aviation fleet. The former conducts flight tests for new pilot certificates, and for higher ratings. The latter personally must examine the work of mechanics making alterations to all aircraft. If the office here were closed, southern Oregon pilots, aircraft owners and mechanics would have a choice of conducting their frequent business with the Sacramento GSDO (290 miles), or the Portland office (230 miles). The hardships are obvious. So is the impossibility of flying a dismantled plane to an inspection location. The alternative is to wait for the inspector to visit here, which could well be a period of months.

"As a matter of record, the Portland GSDO is so swamped with work that one pilot has been waiting more than a year to take an advanced flight check the local office cannot give.

"Airplanes are vital to the everyday existence of a great many Oregonians. Mercy flights is a good example, but crop dusting, borate bombing, and many other activities could also be cited."

The GSDO was once located in Eugene, but was moved to Medford the better to serve the larger area. This made sense, as Medford has the second busiest airport in the State, and is roughly equidistant from the Portland and Sacramento offices. It has been here for 7 years, and its services are in wide demand.

Its movement to Portland would work a costly hardship on the general aviation industry. We do not see how it could be justified under any circumstances, and certainly not unless cost savings would be substantial, which is difficult to believe.

We hope the FAA reverses its decision, and keeps this important service office close to the people it serves.—E. A.

THE DRUG REFORM BILL

Mrs. NEUBERGER. Mr. President, I ask unanimous consent to have printed in the RECORD three editorials entitled "Confusion on Drug Reform," "Retreat on Drugs," and "The Drug Bill Scandal," which I think are pertinent to the discussion in the Senate regarding the efforts of the Senator from Tennessee [Mr. KEFAUVER] to bring forth a good drug bill.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 15, 1962]

CONFUSION ON DRUG REFORM

The drug reform bill over which Senator KEFAUVER and his Senate Antitrust Subcommittee toiled for 2½ years has undergone drastic dilution as the result of a coup engineered by Senator EASTLAND, of Mississippi, in collaboration with the bill's Republican foes. Mr. EASTLAND, the Judiciary Committee's Democratic chairman, called a meeting without notice to the Democratic majority of the subcommittee, at which the measure they had approved was changed so fundamentally that Mr. KEFAUVER now disclaims authorship. Perhaps the most surprising aspect of the secret session was the presence of a representative of the Department of Health, Education, and Welfare to give the administration's blessing to the watered-down bill.

In view of the long hearings and staff work that went into the original bill, this is a bizarre method of revision. Senator KEFAUVER notes that President Kennedy sent the Senate a letter April 10 strongly endorsing most provisions of his bill and suggesting certain amendments to make it even more effective in assuring safer, cheaper drugs. The Senator insists that the revised version is a mere shadow of the original and that it will achieve virtually none of the President's goals.

It has always been clear that the Kefauver bill was open to improvement. Some provisions were unduly restrictive—especially those subjecting pharmaceutical manufacturers to discriminatory treatment on patents. But the subcommittee's investigation demonstrated conclusively that existing safeguards were far from adequate. The original bill was realistically geared to overcoming these deficiencies in public protection for the public health. The substitute seems more likely to provide the illusion of additional safeguards than their reality.

The President has plenty of problems to occupy him these days, but this is a matter of sufficient moment to justify a clear statement from the White House as to which version meets the President's tests as outlined in his April letter.

[From the Washington Post, June 18, 1962]

RETREAT ON DRUGS

Senator KEFAUVER has a right to be angry about the strange way in which his drug legislation was adulterated at a meeting of the Senate Judiciary Committee. Senator EASTLAND, chairman of the committee, was careful to see that Senator KEFAUVER was not invited. His explanation for his oversight represents a novel approach to parliamentary courtesy. "I admit I did not call in my friend from Tennessee for consultation," Mr. EASTLAND blandly explained to the Senate, "because I thought it would be a futile act."

Senator KEFAUVER is more thoroughly versed than any Member of the Senate on the intricacies of the legislation intended to encourage safer and cheaper drugs. For 2½ years, his Senate Antitrust Subcommittee has delved with diligence into the abuses in drug manufacturing. These hearings resulted in a bill that President Kennedy endorsed in a letter of April 10 that suggested only minor emendations.

Now Senator KEFAUVER has disowned the new bill and the administration has retreated from its previous position. Curiously, a representative of the Department of Health, Education, and Welfare participated in Senator EASTLAND'S private meeting and went along with the revisions urged by two Republican Senators, DIRKSEN and HRUSKA.

It may be that Senator KEFAUVER'S bill needed improvement. But a point-by-point study of the changes made at Mr. EASTLAND'S private session show that virtually every change is in the direction of weakening the bill and limiting its scope. Provisions for licensing drug manufacturers have been thrown out to provide for a meaningless registration procedure. Standards for testing the efficacy of a new drug have been diluted.

Enough has come to light in Senate hearings to support the need for new legislation. Whatever bill Congress passes should provide the substance as well as appearance of protection. The White House ought to reconsider whether it will give its approval to a bill that has been plucked and shorn in a cozy little meeting in Senator EASTLAND'S office.

[From the New York Post, June 14, 1962]

THE DRUG BILL SCANDAL

What happened to President Kennedy's state of the Union pledge "to protect our consumers from the careless and unscrupulous?" In the light of that pledge, how could a representative of HEW Secretary Ribicoff participate in the gang-up engineered by Senator EASTLAND and Minority Leader DIRKSEN against Senator KEFAUVER'S bill for tightened Federal regulation of the drug industry (as reported by Barbara Yuncker in the Post).

The administration, nominally a supporter of the Kefauver bill, went into an unprecedented "secret meeting" from which KEFAUVER and other supporters of strengthened controls were excluded. The meeting was designed to tailor pending drug legislation to the specifications of the pharmaceutical

industry. The result, according to Senator KEFAUVER, was a "massacre" of a good bill which had been carefully drafted after 2½ years of public hearings.

Defending its willingness to compromise the administration claims that is the only way to get a bill that has any chance of passage. But to pass a bill without teeth could be worse than no bill at all.

Senator KEFAUVER has vowed to fight it out on the floor of the Senate.

Now is the time for consumers to be heard in his support.

BOOK BY JACK BELL ENTITLED "MR. CONSERVATIVE: BARRY GOLDWATER"

Mr. DIRKSEN. Mr. President, Chesly Manly of the Chicago Tribune has written a very interesting review of the recently published biography by Jack Bell under the title, "Mr. Conservative: BARRY GOLDWATER."

Mr. Manly sets forth what Mr. Bell's friends have always known, namely, his objectivity, his fairness, and his facility for presenting a character in excellent perspective.

I ask that Mr. Manly's evaluation of this timely and current volume be made a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AUSPICIOUS COMBINATION OF SUBJECT AND BIOGRAPHER

("Mr. Conservative: BARRY GOLDWATER," by Jack Bell [Doubleday, 312 pp., $4.50])

(Reviewed by Chesly Manly)

Given such a fascinating political phenomenon as BARRY GOLDWATER as the subject and Jack Bell, one of the best informed political writers in the country, as the biographer, the result is bound to be a first-rate book.

Bell covers the Senate and national politics for the Associated Press. Only a writer who has lived and worked in close proximity to the charismatic Senator and enjoys his confidence could present such an intimate and authoritative account of his beliefs, his activities, and his political prospects as leader of resurgent conservatism in the Republican Party.

Bell compares GOLDWATER's position on major issues with that of Nelson Rockefeller and Richard Nixon, both potential candidates for the Republican Presidential nomination in 1964. He rejects both Rockefeller and Nixon, at least implicitly, in a chapter concluding, "Who but BARRY GOLDWATER?" He equates GOLDWATER's position in 1962 with that of Senator Kennedy in 1958 and reminds the "wiseacres of politics" who give GOLDWATER no chance to win the Republican nomination in 1964 that they gave Kennedy no chance to win the Democratic nomination in 1960.

The author obviously admires GOLDWATER as a sincere, courageous, and fiercely patriotic politician who fights for his convictions but always fights fairly. He is sympathetic with GOLDWATER's political philosophy, which is more rugged individualism than traditional conservatism. But the book is no unrelieved panegyric. Bell ascribes numerous inconsistencies, a tendency to "pop off" thoughtlessly, and some untenable positions to the handsome Senator.

Some of Bell's criticism seems unwarranted. It is by no means certain that GOLDWATER "guessed wrong on the United Nations action to bring secessionist Katanga back into line with the Congo central government." Though Bell acknowledges GOLDWATER'S repudiation of Robert Welch, founder of the John Birch Society, he says that "the Birch adherents had a right to assume that GOLDWATER embraced many of their viewpoints" because of his votes in the Senate. Such a remark would be considered a smear if it referred to Communist viewpoints and the votes of any leftwinger in Congress.

The last chapter of the book, "A Conservative's Creed," was contributed by GOLDWATER. It is an eloquent statement of the Senator's conviction that the basic issue of our time, in both domestic and foreign affairs, is freedom versus slavery.

No definitive assessment of GOLDWATER could be written at this time, but Bell's interim report should be read by those who have any interest in American politics.

ALASKA AND SEATTLE'S WORLD'S FAIR

Mr. GRUENING. Mr. President, recently the New York Times published an excellent article on the effects of the Seattle World's Fair upon Alaska. It was written by Lawrence E. Davies, the Times' veteran west coast correspondent. It points out that many of the people who have gone to Seattle to see the World's Fair have gone on to enjoy the scenic wonders of Alaska.

Alaska is making preparations for a large influx of tourists. Later this year a regular car ferry service will take tourists who have driven to Prince Rupert in British Columbia up the famed "Inside Passage" to the coastal towns of southeastern Alaska—Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Haines, and Skagway. The first ferry was launched earlier this month. Two more are under construction, and beginning in the summer of 1963 will afford daily service.

The establishment of this "marine highway" is one of the accomplishments of the people of Alaska under statehood. They voted a $23 million bond issue for the purpose.

I ask unanimous consent that Mr. Davies' article entitled "Alaska Gets a Bonus From the Seattle Fair," be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALASKA GETS A BONUS FROM THE SEATTLE FAIR

(By Lawrence E. Davies)

ANCHORAGE, ALASKA.—The 49th State already is experiencing agreeable economic effects from the Seattle World's Fair. Alaska's tour promoters are convinced that the State has embarked on its biggest travel year, bigger even than 1959, the first year of statehood, and they credit the Century 21 Exposition, which began a 6-month run on April 21.

The Alaska State exhibit at the fair, housed near the Space Needle, has brought many inquiries from exposition visitors, officials noted. In numerous instances, these inquiries have been translated into side trips to the Far North by plane and steamer, even, in some cases, into leisurely motor trips by tourists with time on their hands.

"It is surprising how many persons have checked in here since the Seattle Exposition opened and mentioned that the fair was their impetus for coming to Alaska," said an Anchorage hotelman. And Pacific Northern Airlines reports that advance bookings for this summer to Alaska already are up 15 percent over 1961.

"We feel this is a result of the World's Fair," said Howard Clifford, a Pacific Northern spokesman in Seattle. "Our individual business, not group tours, is up 30 percent; group business is up 50 percent."

BUSINESS MAY INCREASE

A Pan American World Airways official said his firm expects a "substantial increase" in its Alaskan business because of the fair. These two companies, as well as Alaska Airlines and Northwest Orient Airlines, operate jet services between the Pacific Northwest and Alaska.

Charles B. West, a former Fairbanks airplane pilot who is the biggest tour operator in the Alaska business, said his 1962 bookings currently are running ahead of those sold at this time in 1959, the heaviest travel year for the 49th State.

"The World's Fair is responsible," he said. "The last 2 years have been static; our business dropped 25 percent in 1960 from 1959 and remained at that level last year. I think we may go up 45 percent this year."

Tourist officials are jubilant about the rise in business, especially since the first boat in a projected fleet of four ferries that is destined to carry motorists and their cars over a marine highway to Alaska will not be ready for operation until at least late in September.

This ferry, the motorship *Malaspina*, named for an Alaska glacier as big as Rhode Island, is under construction at the Puget Sound Bridge & Drydock Co.'s yard in Seattle.

The somewhat controversial ferry system is hopefully scheduled to begin operating with its full fleet of four ships next year. Three of the ferries will serve southeastern Alaska.

These 3, each with a capacity of 100 cars and 500 passengers, will sail between Prince Rupert, British Columbia, and Skagway in Alaska. They are expected to make the run in 36 hours if they take a direct route; in 42 hours if a longer route, by way of Sitka, is followed. Stops will be made at Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Haines, and Skagway.

ALASKAN FERRY

The fourth ferry, with a capacity of 60 automobiles and 262 passengers, is to run between Kodiak and Homer in south-central Alaska. The ferry system is designed to provide loops for automobile traffic using the Alaska highway and its connecting links, both rail and highway, and offer travelers the chance to go by land, return by water, or vice versa.

This summer, for World's Fair visitors and other Alaska-bound travelers, four Canadian-flag vessels will be running between Vancouver, British Columbia, and Skagway. Alaska Cruise Lines, Inc., operates two of the vessels, the *Glacier Queen* and *Yukon Star*, with a departure every 4 days between now and October 1.

The Canadian National Steamship Co. has scheduled 13 departures for its vessel, the *Prince George*, between now and early in September, and the Canadian Pacific Steamship Co. has scheduled 12 departures from Vancouver for its *Princess Louise* during June, July, and August.

Two opposing views have marked the new tourist season, with its expected record travel to Alaska. The controversy centers on the question of lodgings in Seattle.

One position is taken by Mr. West, who has asserted:

"We will not sell a tour or offer a tour which does not offer first-class accommodations. We deliberately limit our program to first-class accommodations; we are turning down an average of 20 requests a day, each involving 4 or 5 persons. We are telling people, 'Sorry, but due to the impact of the Seattle World's Fair, we are unable to confirm your reservations.'

"There are more rooms with bath in one big hotel in Seattle—1,000—than there are in the whole State of Alaska. In 1959, a lot of people were miserably unhappy when they came to Alaska. Hotel accommodations are the most important part of the trip."

This attitude is in contrast to that of Ralston A. Derr, former executive director of the Alaska Visitors Bureau and former general manager of the Fairbanks Chamber of Commerce.

Mr. Derr is beating the drum for the Alaska Booster Association, which is sponsoring publicity in Seattle to attract visitors to Alaska.

Mr. Derr has chamber of commerce committees in Anchorage and Fairbanks looking for bedrooms that residents may be willing to rent to tourists for $6 to $8 a night.

"People are dissatisfied with some of the housing conditions they are finding down in Seattle," Mr. Derr said. "I can hear them say, 'This is a poor room. We have a few days left, so why not run up to Alaska?'

"TAKE YOUR CHANCES

"But we are promising nothing. We are telling them, 'Take your chances on the last frontier. You may have to sit up all night, but it's daylight all night in Alaska and there'll be a lot of people sitting up with you.' "

There is general agreement that the problem of tourist housing has not been solved in the 49th State. Alaska officially so far is leaving the financing of new accommodations to private enterprise.

Here and there, hotels are being expanded and new motels and lodges being built, but the summer demand is greater than the supply. One Anchorage hotel, with a new wing opened 2 years ago, now has 350 rooms; most of the older rooms have been refurbished. A Juneau hotel has been doing some redecorating.

There are at least 100 more first-class rooms in Anchorage than there were in 1959 and 50 more in Fairbanks than there were 3 years ago. A new 36-room hotel with 14 baths has gone up in the Eskimo village of Kotzebue. New accommodations also are in the planning stages at Barrow.

A newly enlarged housing facility on the Alaska-Yukon frontier will have accommodations for 120 persons. Sitka has a new hotel with about 50 rooms.

Several new motels are scattered about the State. One has been built on Wasilla Lake, in the Matanuska Valley. Along the 3-mile lake, building lots are commanding an average price of $100 a front foot.

In a number of areas, civic-minded persons are trying to give the visitor to Alaska something to do besides look at a glacier or a mountain peak and exclaim over the scenery. In Juneau, for example, Mrs. Robert Boochever, wife of an attorney, has set out to tie in history and local color with tourism.

GOLD MINE TOUR

Mrs. Boochever is leading a nonprofit venture to provide visitors with a gold mine tour for about $6. In Last Chance Basin, just outside Juneau, a bridge is to be built over which buses will carry tourists to a mine entrance. They will be able to penetrate the shaft for about a half mile and, in an old mine building, see a theatrical production titled, "Hoochinoo and Pancakes," based on life in an early Alaskan trading post.

P. D. Hanson, regional forester for Alaska's vast Tongass National Forest, predicted at Juneau that recreation would compete strongly with timber as one of Alaska's chief resources in the future.

The Forest Service has built a new $200,000 observatory with panoramic windows in Tongass from which visitors may look down upon spectacular Mendenhall Glacier, near Juneau. Relief maps and exhibits are to be installed, and the project will be dedicated this summer.

"Think of it," Mr. Hanson said. "We have more than 11,000 miles of shoreline in public ownership up here under supervision of the Forest Service. The recreational possibilities are limitless."

HEALTH CARE COMPROMISE

Mr. JAVITS. Mr. President, I have steadfastly maintained that health care legislation can become law at this session of the Congress if the administration will reach an accommodation with those who, like myself, will vote for a program that extends coverage to the 3 million individuals who are not under social security, offers some freedom of choice and increases the flexibility of its benefits and administration. It is clear that the administration's proposal is inadequate and should at the least be revised to conform to the recommendations of medical experts, who emphasize the high priority of preventive care; to the insurance experts, who point to the accelerating growth of private and nonprofit programs; and to the public health experts who stress the efficiency and flexibility of State administration.

These are basic principles which I have incorporated in my health care proposal and, as I have demonstrated, they are completely compatible with the social security approach. They make possible a complete health care program, not minimum coverage, based on the right of our senior citizens to proper and satisfactory care.

The point that acceptance of a compromise incorporating proposals such as these would strengthen the expectation for a medicare law is made in an editorial in the Washington Post. I ask unanimous consent to print in the RECORD the editorial entitled "Leading From Strength" which appeared on June 15, and a letter from the New York Times of June 18, entitled "Health Insurance Option," by Roswell B. Perkins.

There being no objection, the editorial and letter were ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 15, 1962]

LEADING FROM STRENGTH

The prognosis for health care legislation in this session of Congress is not very bright. A majority of the legislative doctors in the House Ways and Means Committee are said to be against letting their patient, the King-Anderson bill, journey to the floor of the House for a vote, at least in its present form. There is talk of resorting to that ancient and frequently fatal remedy, bleeding.

Health, Education, and Welfare Secretary Ribicoff has been called in for a consultation. He emerged from a session with the committee enigmatic but was reported to have said that the President, while adamant about having health care for the aged financed through an increase in the social security tax, would not be averse to compromise on other aspects of the legislation.

The King-Anderson bill seems to us anemic enough as it is. It promises a bare minimum of hospital and nursing care benefits for the 16 million Americans over 65 years of age. Against many of the inevitable costs of medical care—physicians and surgeons bills, for example—it affords no protection at all for the elderly. The 90-day limitation it places on any single hospital stay may prove quite inadequate in caring for terminal illnesses. There is ample room, as we see it, for amendments which would strengthen and perfect this proposal, very little room for administration concessions which would weaken it.

The Ways and Means Committee could usefully enlarge the coverage of the King-Anderson bill to include persons not now entitled to social security benefits; an additional 3 million aged persons need protection against the health hazards of old age. It could work out alternative benefits, perhaps, that would improve the protection of the measure or reduce its deduction requirements. Conceivably, it could make allowance for optional private insurance without compromising the social security principle. Such changes would be all to the good.

In addition, it may be that the Ways and Means Committee could apply some poultices to allay the anxieties of those who fear that this program of health care for the aged may lead to governmental control of medicine. This could be accomplished by giving the medical profession larger representation on the bodies which will determine the eligibility of hospitals and nursing homes.

We hope, however, that the administration will stand firm on the essentials of the health care program. It has a much better chance of enacting a strong bill than of enacting a weak bill.

HEALTH INSURANCE OPTION—ENDORSEMENT OF CONCEPT ADVOCATED TO SPUR BILL'S PASSAGE

NEW YORK, N.Y.,
June 11, 1962.

To the EDITOR OF THE NEW YORK TIMES:

A bill to provide health insurance for the aged within the framework of the social security system may well fail this year. If it does, I submit that the fault will be heavily shared by the bill's most vocal proponents—President Kennedy and the spokesmen for the AFL–CIO—by reason of their failure to endorse the voluntary health insurance option contained in the Lindsay and Javits bills.

That option, first proposed by Governor Rockefeller just 2 years ago, is simply this: the right to buy private health insurance coverage with a special monthly cash social security payment, in lieu of accepting the Government health insurance protection.

My respected friend of long standing, Nelson H. Cruikshank, director of the department of social security of the AFL–CIO, wrote to the Times recently (as printed in the June 4 issue) attacking the option.

Mr. Cruikshank complains that the "insurance companies" (he avoids reference to Blue Cross, the Kaiser-type of health plans on the west coast, and other nonprofit plans covering hundreds of thousands of older persons) will get the pick of the crop of insurance risks. He apparently concludes that the problem of possible adverse selection of risks is an insuperable obstacle to adopting the option. He goes on to suggest that, even without the option, private health insurance can build on top of and supplement Government health insurance in the same way that private pension plans supplement social security retirement benefits.

BASIS OF OPPOSITION

This expressed opposition to the "option," it seems to me, stems from a doctrinal distaste for private insurance and voluntary prepayment mechanisms, rather than an objective appraisal of the facts. More specifically:

The Lindsay bill (H.R. 11253) does not permit switching back and forth from the Government plan to private plans. Once

covered by the Government plan after retirement, a beneficiary would be precluded from exercising the voluntary health insurance option. This provision alone eliminates most of the threat of adverse selection of risks.

The Lindsay bill authorizes the Secretary of Health, Education, and Welfare, if actual experience under the law proves there has been adverse selection, to start the monthly cash payments at age 65 (for beneficiaries who have exercised the option) at a level lower than the average cost of the Government plan benefits. There would be a gradual increase in these monthly payments as the beneficiary grows older. This device would reduce or eliminate any possible incentive to an individual for carrying the private plan in the early years after age 65, but then canceling it.

The group of beneficiaries covered under the Government plan will be so vast—well over 10 million persons—that any conceivable adverse selection would be infinitesimal in relation to the overall costs of the Government plan.

The factors inducing an individual to utilize the option will be principally his satisfaction with the private plan he is carrying pre-65 and his financial capacity to pay whatever additional premiums, if any (over and above the cash health insurance benefits provided by the option), may be involved. His state of health on his 65 birthday is not likely to be a significant factor.

WEAK ANALOGY

Insofar as supplementation of the Government plan by private insurance is concerned, the private pension analogy is so weak as to be fallacious. In the case of retirement benefits, the more retirement income an individual has from private sources the more comfortable his retirement. But there is an absolute limit to the amount of health insurance that is of benefit to anyone; once a hospital bill is paid it is paid.

The Government health insurance plan would displace at least half of the area in which private and nonprofit plans now operate. The administrative costs of offering protection for the remaining uncovered costs would be too high to enable these private plans to continue to operate.

If these points are given fair consideration, I believe the President and the AFL–CIO would endorse the concept of the "option." In doing so, they would, I submit, break the present roadblock to a social security-financed bill. It is apparent that a substantial segment of older persons want to preserve freedom of choice in selecting their health insurance protection. The Kennedy administration, in failing to support the option, is surely contributing to the possible defeat of the bill.

ROSWELL B. PERKINS,
Assistant Secretary of Health, Education, and Welfare, 1954–56.

THE MIGRATORY FARMWORKER

Mr. WILLIAMS of New Jersey. Mr. President, the migratory farmworker and his family constitute an essential element in our farm economy. But unlike their counterparts in industry, farmworkers, particularly migratory farmworkers, have been denied many of the rights and protections which have come to be regarded as characteristic of free enterprise and essential to democratic society.

In the area of health, for example, the existence of residence requirements frequently denies migratory farmworkers and their families the benefit of public health programs, which are generally available to other citizens. As a result, serious disease is a continuing menace to the migratory farmworker and his family as well as to the communities through which they travel.

The gross inequity in this situation is all the more apparent when it is realized that the migratory farmworker is, in all but the rarest circumstances, completely dependent upon public health services for such medical care as he receives. A substandard income of slightly more than $1,000 annually necessarily precludes access to private medical attention. Consequently, even the most basic health needs of the migratory farm family remain unmet.

The many complex factors, such as residence requirements, substandard income, and low educational levels, which produce the health problems confronting migratory farm families present formidable obstacles to the establishment of health programs for these citizens. Nevertheless, the endeavors of public and private groups in some States have successfully circumvented these obstacles and have produced practical working examples of programs which can be initiated on State and local levels to improve the health conditions of migratory farm families.

These programs have generally been confined to the establishment of health clinics serving limited geographical areas. In California, however, in addition to health clinics, the State Legislature established a broad, new statewide health program for farmworkers. With the foresight and pioneering leadership which has long distinguished one of our most progressive States, California has become the first and only State in the Nation to extend disability and hospital insurance to farmworkers.

Gov. Edmund G. Brown has pointed out that under the new program—

> Two hundred and fifty thousand agricultural workers * * * become eligible for both disability and hospital benefits.
>
> Workers in business and industry generally have had disability insurance protection since 1946, but farmworkers heretofore have been excluded.

California's new program of disability insurance to farmworkers is of obvious benefit to California's entire farm economy. The precedent it creates for the establishment of a statewide program to aid farmworkers is a manifestation of the most commendable legislative leadership and public service which are achieved only by dedicated legislators sincerely working in the public interest.

HOUSING DISCRIMINATION IN THE DISTRICT OF COLUMBIA

Mr. CHURCH. Mr. President, as a member of the Subcommittee on African Affairs of the Committee on Foreign Relations, I have become increasingly concerned about the housing problems here in the District of Columbia, which face, not only our own Negro people, but also the growing number of Ambassadors, together with the members of their diplomatic staffs, who have come here to represent the newly emerging sovereign nations of Africa. It is this latter consideration which transforms the problem from a purely human one, to one which could profoundly affect the foreign relations of this country.

Everyone who has lived for any length of time in the Washington metropolitan area knows that discrimination in housing exists here and, furthermore, that it is not limited to the suburban residential areas in Maryland and Virginia, but is to a considerable extent a feature of living arrangements in the District of Columbia as well. That this is the case was made abundantly clear by hearings which the Civil Rights Commission recently held on this subject. Witness after witness testified that racial segregation in housing is a fact of life in the Nation's Capital. The witnesses differed from one another only in the methods they thought could or should be used to ameliorate the situation.

Racial discrimination, wherever it occurs in the United States and in whatever form, is ethically and socially wrong. It is clearly inconsistent with the principles on which we base our claim to moral as well as political leadership of the free world. It can and must be abolished as quickly as is humanly possible consistent with the rule of law.

But it must surely be clear to every thinking American that the Nation's Capital, in this as in most other things, occupies a rather special position. What is undesirable elsewhere is intolerable here. As the seat of the U.S. Government, Washington is, in a very real sense, the showplace of the Nation. It is continually and steadily exposed to the gaze of the world. Most representatives of foreign governments in the United States are assigned to Washington and it is from this city that they draw their strongest and most lasting impressions of our country. Moreover, they know very well that social conditions here are the direct responsibility of the Federal Government in a way which does not hold true for the States. When Negroes, merely because of their race, are severely restricted in their choice of residence within the District of Columbia, the U.S. Government is, at the very least, condoning a state of affairs and a set of practices which cannot by any stretch of the imagination be reconciled with the legal and moral principles that Government is constituted to uphold.

Some may argue that this is only a sin of omission and that it is not our way to attempt to remedy every social ill through governmental intervention. This, however, is so glaring a case of social injustice and one so terribly detrimental to our national stature that there is, I feel, no reasonable alternative to energetic local action to remedy the situation by legal means. If education and time were the only things necessary to

do this, some improvement should have become noticeable by now. But there has been no improvement—on the contrary, it has become clear that the causes of housing discrimination in Washington are so deeply imbedded in the social structure and habits of the city that only legal action can effect a change.

There is another aspect of the problem which I should like to mention briefly. Within the last year and a half, a large number of newly established African nations have sent diplomatic representatives to Washington. The prevailing discrimination against Negroes affects them in a number of different ways. In the first place, it places a burden on them which their colleagues in the diplomatic corps do not have to share and thus makes it more difficult for them to do the work they have been sent here to do. Second, it dramatizes for them, in a way which can only be detrimental to the interests of the United States, the plight in which their racial brother, the American Negro, finds himself. Most African diplomats, even before they come to this country, are aware that racial discrimination exists here. Some exaggerate its significance; others fail to appreciate how widely spread the practice still is. But all, without exception, are surprised and dismayed when they discover that discrimination still prevails in the Nation's Capital. Moreover, they make this discovery very soon after their arrival because, after all they have to find a place to live. Third, and perhaps most important of all, these representatives of new, highly self-conscious nations feel the discrimination practiced against them as an insult to their countries as well as to themselves. It is impossible for them to make a neat distinction between the business of diplomacy and the personal quandary in which they find themselves. The difficulties they face as a result of racial discrimination in Washington are inevitably reflected in the formal relations between the United States and the countries they represent.

This is not a time to ask who is at fault. Even if it were possible to find an objective answer and to place the blame squarely, that answer would not solve the problem. In fact, many interests are involved and the blame must be shared by many parties. Our task now is to find a way of abolishing racial discrimination in Washington; and while I recognize that this problem will not be entirely solved until men experience a change of heart, still action is now called for by the District Commissioners. Other cities in this country have already dealt much more forthrightly with the problem of racial barriers as a factor in determining who may live where. No city in this country is more urgently in need of having this problem solved than the Nation's Capital.

The time has come for the Commissioners to move. They should find the legal means to make some headway toward putting an end to the racial segregation in housing that is a blot upon the good name and reputation of the Capital City of the leading Nation of the free world.

Mr. President, I thank the distinguished Senator from Louisiana for yielding to me.

ADDRESS BY SENATOR GOLDWATER BEFORE NATIONAL COAL ASSOCIATION

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the text of an address delivered by myself at the 45th anniversary luncheon of the National Coal Association, in Pittsburgh, Pa., on June 18, 1962.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF AN ADDRESS BY U.S. SENATOR BARRY GOLDWATER, REPUBLICAN OF ARIZONA, TO THE 45TH ANNIVERSARY LUNCHEON OF THE NATIONAL COAL ASSOCIATION, PITTSBURGH-HILTON HOTEL, PITTSBURGH, PA., JUNE 18, 1962

Mr. Chairman and members of the National Coal Association, I am highly honored to be here today to address the 45th anniversary luncheon of your fine organization. And I certainly wish I could bring you happy news from the banks of the Potomac—the kind of news and information which would herald greater economic activity through the creation of a cooperative climate in which American business and industry could flourish and expand. I wish I could tell you that there are increasing signs of a higher degree of fiscal and economic integrity on the part of our Government; that an era of balanced budgets and payments on the national debt is in sight which could pave the way for sound and wise tax reductions. I wish I could tell you that our Government has learned its lesson and has begun to understand that no administration can follow a policy antagonistic to business and serve the best interests of the American people. But I can't do this. The facts aren't there.

One thing I believe we must all understand is this: Regardless of whether or not the Government is actually antibusiness, the fact that the business community and the American people believe it to be antibusiness is a tremendous psychological factor that can cause only trouble for the national economy. If we assume, for the sake of argument that the spokesmen for the New Frontier mean what they say and really believe in the principle of a free, competitive enterprise system, then they are guilty of completely misunderstanding that system. For, if they are sincere, they have committed the crime of appearing antagonistic to the system. They are guilty of sapping the system's basic strength through engendering a lack of confidence based on Government action. They have committed the sin of believing that the enterprise system can function better if the Government replaces the natural law of supply and demand with administrative edicts in the name of the public interest. All this has brought about nationwide fear, uncertainty, and confusion. It has created the worst possible climate for increased business activity. It has aggravated a situation marked by continued unemployment, declining stock prices, a disappearing gold supply, and a high rate of business failures and slow starts.

Consequently, if we accept the administration's arguments that it is not antibusiness, then we are forced to the conclusion that it doesn't understand. And such lack of understanding, to my way of thinking, can be just as dangerous as an admitted antibusiness attitude.

Our national economy is an intricate and sensitive system. It must be understood both mechanically and psychologically by the Government of the United States if we are to remain strong at a time of worldwide challenge. It cannot be subjected to tampering and experimentation at the Government level if it is to supply the employment and materials for an expanding population. This kind of treatment is always accompanied by the high-sounding theories of men who have never had to meet a payroll, struggle with technological changes, fight rising labor costs, and adjust to burdensome tax rates and Government regulations. These theorists have the textbooks, but they lack the insight of practical experience. They have the university degrees, but they lack the personal knowledge of the marketplace. They have the power, but they don't understand when or how it should be used.

This, I suggest, is a highly dangerous situation. We are navigating in explosive economic waters when the vast power and authority of the National Government is being handled by planners who lack fundamental understanding. I say, very candidly, that if this administration doesn't understand the vital necessity for business confidence and what massive Government harassment can do to sap that confidence, then it is ill-equipped to guide us through an era which cries out for economic growth on a huge scale. If this administration doesn't understand that by its actions it has dried up huge blocks of investment capital then it will never solve such questions as unemployment and the adverse balance of international payments. And if this administration believes that the old nostrums of the 1930's are sufficient to the requirements of a sluggish economy today, it will do nothing but insure more and deeper economic recessions.

In short, gentlemen, our Government is on the wrong road. And this is becoming increasingly well known, not only to the American people, but to foreign governments. The lack of confidence which brought about the Kennedy crash was not confined to domestic investors. A lot of selling on the New York Stock Exchange was done by foreign investors, including the Swiss. And I don't have to tell you that the market plunge in this country was accompanied by plunges on almost every other exchange in the world. This lack of confidence on the part of foreign governments is really the answer today to our dangerous gold supply situation. It seems that everyone doesn't have his head in the same sand that Dr. Heller and the other White House economists like to hide in. An increasing number of foreign governments question a fiscal policy based on deficit financing at a time when our international payments are so far out of balance. They know, even if our own Government won't recognize the fact, that a day of fiscal reckoning must follow a calculated policy of inflation and irresponsibility.

It is an amazing fact that foreign governments and foreign investors can question our fiscal policies in word and deed, but if Americans question these policies the administration claims that we don't understand what it is trying to do in the public interest. Well, I suggest that the public interest is far broader than the concept which is being followed along the New Frontier. The true public interest, from every conceivable standpoint, can best be

served by putting our Government's financial house in order. The public interest requires a truly balanced budget, an immediate reduction of Government spending, an end to Government's punitive actions aimed at business, a tax policy designed to spur capital investment. These are just a few of the actions which should be taken by our Government if it is to truly serve the public interest in a way that will make for a sound, expanding economy upon which the security system of this Nation and the entire free world can rest.

But none of this is being done. The emphasis is on increased Government spending, for any and all purposes. The administration is now jamming through the Congress a bill for a huge public works program which carries with it increased spending authority in excess of $2 billion. It is asking for all kinds of new Executive power—power over tariffs, taxes, money supply. It is asking for a wide range of items all of which will serve to further restrict the free, untrammelled operation of our economic system.

And, of course, all kinds of experts lend their support to these proposals. Only the other day, Adlai Stevenson dropped his preoccupation with the United Nations to tell a group of graduates at Tufts University in Medford, Mass., that increased public spending for education, urban development and similar projects is "vital if the United States economy is to expand." This, of course, is typical of the complete lack of understanding that prevails in Government concerning the proper methods of encouraging economic growth. Public spending on public works projects may provide temporary employment, but it will not create new jobs in a fashion that will help the economy to expand. But the taxes required to support public works spending will certainly help to draw off money needed for capital investment and the only type of economic activity that will bring about the kind of growth this Nation needs.

Let me describe a country to you.

This country was going in heavily for government spending on welfare projects.

This country was interpreting the public interest in terms of grandiose housing programs and other projects it felt its people must have but which its people did not ask for.

This country had a steady rate of employment but an increasing rate of unemployment. This country's business was caught in a profit squeeze because of unresisted wage demands by labor unions.

This country was plagued with a high and increasing rate of business failures.

This country was suffering from foreign competition and a loss of oversea markets.

This country's stock market prices were declining at a time when its officials were contending that its economy was "basically sound."

Now, despite the similarities you might have noted, let me assure you that I am not describing the United States of America in the year 1962. I am describing the country of Austria in the period between 1925 and 1929, just before it led the entire world into financial panic which brought on the great depression of the 1930's.

Too many of us today haven't taken the trouble to go back and study conditions in Austria which triggered the greatest depression the world has ever experienced. We are too much inclined to compare conditions as they exist today with conditions which existed in the United States in the period prior to 1929. The slide began in Austria, and I believe almost all the economic experts in the world are in general agreement with that premise. So, for the real roots of the great depression we must take a close look at conditions in Austria prior to the collapse of the Kredit Anstadt. And when we do that we come face-to-face with the evil of public spending when it is extended at the expense of the private economic structure.

The whole problem in Austria stemmed from the fact that for a long time prior to the 1929 collapse, that country had been living on its capital funds. Now this isn't just my opinion. It was thoroughly documented in the October, 1932, issue of the Harvard Business Review by Economist Nicholas Kaldor, who I might point out was an associate of John Maynard Keynes. And I commend this article, entitled "The Economic Situation of Austria" to those liberal economists of the New Frontier who adhere so religiously to the Keynesian tenets of economics.

In this connection, too, I would recommend a book written in 1934 by Lionel Charles Robbins, professor of economics at the University of London, entitled "The Great Depression." Mr. Robbins' observations take on great significance, since they were written only a few years after the Austrian collapse and because they contain information pertaining to that collapse which is particularly applicable to the situation we find ourselves in today.

Let me quote some of Mr. Robbins' findings for you verbatim:

"The crisis came. Throughout the years since the war, the inhabitants of the Republic of Austria had been gradually consuming their capital. The trade policies of the secession States had limited Austrian markets. The economic policy of successive Austrian governments and the Viennese municipality accelerated the process which the Paris settlement had begun.

"From 1913 to 1930 the value of the Austrian industrial share capital shrank to a fifth of its former dimensions. The expenditure of the Viennese municipality on its housing program alone since the Armistice exceeded the total value of the capital of all Austrian manufacturing joint-stock companies.

"In the year 1931 it was calculated that if all the undertakings in Austria were to be sold at the value of their stock exchange quotation for the autumn of that year, the proceeds would not cover one-half of the public expenditure for a single year.

"No financial system could stand such a strain as this without collapse. One by one, the financial houses in Vienna put up their shutters. The slump intensified the capital consumption.

"Early in May 1931, the Kredit Anstadt, which had taken over the bad debts of its predecessors, announced that it could not meet its liabilities. The actual smash is sometimes attributed to the political tension aroused by the untimely proposals for an economic anschluss between Germany and Austria. Whether this is so or not, there can be no doubt that the ultimate cause of the difficulty was the capital consumption of the years which preceded it.

"The collapse was the beginning of a worldwide financial crisis."

Now I don't mean to suggest that the United States is right now, at this moment, headed for a depression such as we experienced in the early 1930's. But, I do believe that we must understand the ultimate consequences of enlarging Government expenditures in a time of heavy deficit. I think we must see and see clearly what can happen when a nation's capital structure begins to dry up and stagnate. I think we must avoid the experience of Austria by adopting policies that will greatly accelerate the rate of capital formation and investment in this country. Our present policies are working with the opposite effect.

It is extremely important for us to understand that the more money the Government pumps into noncapital ventures—ventures which cost a lot but do not create economic growth—the more it takes away from the private sector of the economy. And the cost of this is counted always in terms of lower production and fewer jobs.

And this is happening to an ever greater degree in the United States. The figures on our capital growth over the years show a dangerous trend and the movement is downward. I would remind you that in 1957, new capital investment in the United States totaled $36.9 billion. And the second quarter rate for 1962 is pegged at only $36.6 billion. This is not the rate of progress that will insure growth.

Now it stands to reason that without investment in new equipment, industry cannot provide new jobs for our growing population. It takes an investment of approximately $18,500 to provide one new job in our economy and this investment must be made in the private sector—not the Government sector. The Government can provide employment but not new jobs. And the employment provided by Government through its various public works and welfare projects does nothing but take away from the important private sector where our true economic growth must occur. It drains away money that otherwise could find its way into productive and lasting chanels of the economy.

I suggest that the more we go in for these huge Government spending schemes the closer we get to the situation that existed in Austria prior to the great depression. If the trend isn't checked, this Nation eventually will begin to live off its capital and its industry will be forced to operate at a net loss.

This is the direction in which we are headed. It can be changed only if actions are taken to spur the rate of capital growth so that it can keep pace with the increasing demands of our obligations at home and abroad.

One of the essentials in any program to increase the rate of capital growth and thus expand the economy is a realistic proposal for liberalization of depreciation allowances in the tax structure. Now, here I am talking about far greater relief than is proposed by the Administration in its tax credit idea. I am talking about the kind of writeoffs that can get American business to work right now on the replacement of some $90 billion worth of aging and obsolete machinery. This, I suggest, would prove a greater boon to the economy and do more to correct the unemployment situation than any other single course now open to the Government. It also would do a great deal to ease the problem of foreign competition with American industry. We need this new equipment. We need to modernize and do it quickly if we are to compete on a quality basis with the rising nations of Western Europe and Japan.

I am talking about tax relief for business. I am talking about tax relief that is needed right now—not sometime next year. And I am talking about the kind of tax relief that can provide the economic growth we so desperately need. In fact, I am such a great believer in the advantages of proper and adequate depreciation allowances that I am convinced the President could overcome lack of confidence in his administration almost overnight by sending Congress a special message demanding such relief in the public interest.

The whole idea that the way to buck up the economy is through accelerated Government spending on leaf-raking, make-work programs and welfare chemes is completely false. We learned this back in the days of the Great Depression when the New Deal went in for enormous pump-priming efforts which did nothing but reduce the capital structure of the economy and fail to pull us out of our economic slump. As a matter of fact, it took demand created by the outbreak of World War II to end the last depression. Nothing the Government did prior to that time helped in any way. It only served to aggravate and deepen the trouble.

But still the administration persists in these discredited policies. It is, in effect, recreating the atmosphere of the New Deal days. And the outlook is for an extended period of economic drag. This will be marked by continued unemployment, by a contraction of business investment in new plants and equipment, by a downgrading of profits, and by an accelerated demand on the part of labor for more and more Government intervention.

These, I suggest, will be the fruits of business pessimism based on the outlook for increased Government tampering with the natural laws of the marketplace and for a continuation of unsound Government monetary and fiscal policies.

The Government is, of course, issuing all sorts of statements attesting to the basic soundness of our economic system. But the fact that it has to make such statements indicates that something is wrong. The Government can, with complete honesty, point to the fact that personal savings are at a record high. But the fact that these savings aren't being fed into the channels of capital formation shows that something is wrong. Why do people prefer to leave their money on idle deposit rather than invest it in active business? This is worthy of close attention. There has long been a belief in our society that, under capitalism, the man who hoards is punished—punished by the loss of earnings. So, if this is the case and a growing number of American people are voluntarily submitting to economic punishment it can only be because they are not confident of the future for business under present conditions.

This, of course, was the great lesson of the Kennedy crash. Regardless of how you explain away the plunge in stock prices with fancy economic theories, the fact remains that the wave of selling constituted a massive vote of "no-confidence" in the present administration's attitudes toward business and its ability to get the economy of the country really moving.

President Kennedy complains that his critics are using arguments reminiscent of the 1930's to oppose his economic policies. It never seems to occur to him that the measures he has offered for the avowed purpose of "getting America moving" are nothing but retreads of unsuccessful Government programs offered during the New Deal. And the arguments against fiscal irresponsibility don't change merely because an administration decides that the situation has become "sophisticated and complex."

In his widely advertised economic address at Yale, the President wrote off the books everything about the economic situation that disturbs the American people and holds back economic growth. This is all "mythology," if we are to believe the Chief Executive. The budget, he tells us, is "not simply irrelevant; it is actively misleading" and, consequently, it shouldn't be regarded as a measure of soundness. In other words, the President is telling us that he has decided the budget doesn't count so there is no need for anyone to want to balance it.

The President also consigns to mythology the argument that Federal deficits lead to inflation. And, having adopted this comfortable new theory, he goes all out to find justification for more public debt. He tells us that it is only a myth that the national debt is growing at a dangerously rapid rate. Perhaps the administration's request for a higher ceiling on the debt is nothing but a myth and the $9.4 billion we pay every year in interest on the debt is nothing but a mirage.

I suggest that the realities of our fiscal situation are not the kind that can be dismissed through the medium of Presidential rhetoric. Nor do they lend themselves to new theories in the name of sophistication which deny the application of sound fiscal practice. They are grave and they are serious. They require of our national leaders a degree of high responsibility based on the same principles that you and I and every businessman in the country are forced to observe if we are to avoid ruin.

In this situation, I firmly believe that the hope of the Nation and the free enterprise system rests with the Congress of the United States and those people in the House and Senate who see clearly the trouble we are in and the dangers ahead. And it demands of all of us our very best efforts to see that the ranks of those who believe in a sound economy are strengthened in the forthcoming elections.

Mr. MANSFIELD. Mr. President, is there further morning business?

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. LONG of Louisiana obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Louisiana yield to me with the understanding he will not lose his right to thc floor?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Montana without losing my right to the floor.

The VICE PRESIDENT. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I wish to suggest the absence of a quorum, with the understanding that the Senator from Louisiana will not lose his right to the floor.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana? The Chair hears none, and the clerk will call the roll.

The Chief Clerk called the roll and the following Senators answered to their names:

[No. 94 Leg.]

Aiken	Anderson	Beall
Allott	Bartlett	Bennett
Bible	Gruening	Moss
Boggs	Hart	Mundt
Burdick	Hayden	Murphy
Bush	Hickey	Muskie
Butler	Hill	Neuberger
Byrd, Va.	Holland	Pastore
Byrd, W. Va.	Hruska	Prouty
Cannon	Humphrey	Robertson
Carlson	Jackson	Russell
Case, N.J.	Javits	Saltonstall
Case, S. Dak.	Johnston	Scott
Chavez	Jordan	Smathers
Church	Keating	Smith, Maine
Clark	Kefauver	Sparkman
Cooper	Kerr	Stennis
Curtis	Kuchel	Symington
Dirksen	Lausche	Talmadge
Dodd	Long, La.	Thurmond
Douglas	Magnuson	Tower
Dworshak	Mansfield	Wiley
Ellender	McCarthy	Williams, N.J.
Engle	McClellan	Williams, Del.
Ervin	Metcalf	Yarborough
Fulbright	Monroney	Young, Ohio
Goldwater	Morse	
Gore	Morton	

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Indiana [Mr. HARTKE], the Senator from Hawaii [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PELL], the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Missouri [Mr. LONG], and the Senator from West Virginia [Mr. RANDOLPH] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. COTTON], the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from Kansas [Mr. PEARSON], and the Senator form North Dakota [Mr. YOUNG] are necessarily absent.

The Senator from Hawaii [Mr. FONG] is absent on official business.

The PRESIDING OFFICER (Mr. HICKEY in the chair). A quorum is present.

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. LONG of Louisiana. I yield, provided I do not lose my right to the floor.

ABILENE REPORTER-NEWS DISCUSSES EAST TEXAS OIL SCANDAL

Mr. YARBOROUGH. Mr. President, the growing investigation into the slanted drilling in east Texas oilfields was discussed in a recent editorial in the Abilene Reporter-News of Abilene, Tex. Because of the national interest in this development in an industry so important to the national economy, I ask unanimous consent to have printed in the RECORD an editorial from the Abilene Reporter-News of June 12, 1962, entitled "Eastex Slanted Oil Well Probe Bares Major Scandal."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EASTEX SLANTED OIL WELL PROBE BARES MAJOR SCANDAL

A spectacular scandal with far-reaching implications is being unveiled in the east Texas oilfields.

It has been rumbling for months and growing in scope week by week.

Until now it has not made the exciting splash on the Texas scene that it might have because of the fabulous Billie Sol Estes case in west Texas, which has become a scandal of national proportions, and one of the biggest of the century.

Persistent rumors made the grapevine some time ago that many east Texas oil wells didn't go straight down. They slanted in the direction of neighboring leases, with the result that the completed wells bootlegged hot oil from adjoining properties.

Moving methodically and firmly in investigating the scandal are the Texas Railroad Commission, Texas Attorney General's Department, and the department of public safety which includes both the highway patrol and the legendary Texas Rangers.

The Federal Petroleum Board also is involved in the investigation, and ultimately the Internal Revenue Department might also get its oar in if income tax irregularities are suspected.

At week's end, the first criminal charge resulting from the scandal was on the books in Dallas. A Longview operator was charged with theft. The complaint alleges a $6 million swindle of a Dallas oil company through deviation (slant) drilling, and phony oil wells.

Meanwhile, about 50 Texas Rangers and highway patrolmen are standing guard around the clock in the east Texas oilfields to prevent sabotage of suspicious wells before their drilling angles can be investigated.

Checks already have proved 12 wells deviated illegally. Attorney General Will Wilson said one of the deviated wells slanted 56°. Railroad commission rules prohibit a deviation of more than 3°.

This particular well bottomed at 3,500 feet below the surface of the ground, but held 5,100 feet of pipe. The horizontal distance from the ground opening of this well and its bottom was 3,286 feet.

One newspaper has estimated illegal drilling deviations may be pirating hot oil worth $6 million per month. Another published report said 200 to 300 leases were involved, and possibly as many as 1,000 wells.

So far there are no important political implications. Two railroad commission employees have been fired and three others resigned since the investigation began.

It will take some time yet to complete the investigation and define the scope of alleged irregularities. One result is certain: There will be a mass of civil lawsuits filed in east Texas courts by companies and individuals seeking recovery of multiple millions of dollars lost through pirated oil.

Mr. YARBOROUGH. Mr. President, I wish to emphasize some of the paragraphs of that editorial:

A spectacular scandal with far-reaching implications is being unveiled in the east Texas oilfields.

It has been running for months and growing in scope week by week.

Until now it has not made the exciting splash on the Texas scene that it might have because of the fabulous Billie Sol Estes case in west Texas, which has become a scandal of national proportions, and one of the biggest of the century.

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Mr. President, the Dallas Times Herald has estimated that this theft of oil amounts to $6 million worth a month. In the course of 25 months, that would be $150 million worth of stolen oil, which thereby becomes hot oil passing through the pipelines in violation of the Federal Connally "Hot Oil" Act. I continue:

Meanwhile, about 50 Texas Rangers and highway patrolmen are standing guard around the clock in the east Texas oilfields to prevent sabotage of suspicious wells before their drilling angles can be investigated.

The Railroad Commission Rules, as I have pointed out, permit a well to deviate as much as 3 degrees from the point where it enters the ground to the point where it bottoms; but some wells have bottomed off as much as 56 degrees from the point of entry. I continue:

This particular well bottomed at 3,500 feet below the surface of the ground, but held 5,100 feet of pipe. The horizontal distance from the ground opening of this well and its bottom was 3,286 feet.

One newspaper has estimated illegal drilling deviations may be pirating hot oil worth $6 million per month. Another published report said 200 to 300 leases were involved, and possibly as many as 1,000 wells.

Mr. President, slanted oil wells are the most monumental fraud and theft scandal for decades in my State, if the estimate of the Dallas Times Herald that $6 million a month of illegal oil is being produced is borne out by subsequent investigations. As has been stated, armed guards have been assigned to prevent the sabotaging of the wells and to prevent their destruction before they can be checked.

EFFORTS TO SAVE BIRD SPECIES FROM EXTINCTION

Mr. YARBOROUGH. Mr. President, the National Audubon Society will hold its 58th annual convention this year in Texas.

This is the first time Texas has been privileged to be host to the distinguished, dedicated National Audubon Society. The convention will be held between November 10 and 13 at Corpus Christi, Tex., near the site of the proposed Padre Island National Seashore Area.

Thus the National Audubon Society members will have a firsthand opportunity to view the site, which, if made into a national seashore area, will add to the treasured areas of America where birdlife is safe from harm.

Mr. President, in connection with the problem of finding sanctuary for bird species fast becoming extinct, I ask unanimous consent to have printed at this point in the RECORD an article entitled "One Hundred and Twenty Species of Birds Facing Extinction," published in the Washington Post of today, June 19, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE HUNDRED AND TWENTY SPECIES OF BIRDS FACING EXTINCTION

NEW YORK, June 18.—More than 120 different kinds of birds are in danger of extinction in some part of the world today. Hence the strong accent on threatened birds and how to save them at the 13th world conference of the International Council for Bird Preservation, which has been meeting in New York City.

Delegates from 35 countries attended.

At least a dozen species of birds are in danger in the United States, according to a report presented by Dr. John W. Aldrich of the U.S. Fish and Wildlife Service. In this respect America compares badly with Europe, where, since the Great Auk became extinct over a century ago, no birds have been in danger of extermination.

North America has already lost the Passenger pigeon, the Heath hen, the Carolina paroquet, the Great Auk and the Labrador duck in the past 150 years, and now the prospects for several other birds, such as the Everglades kite, the Hawaiian gallinule and Attwater's prairie chicken, a relative of the Heath hen, are considered poor. Only six specimens of the Everglades kite, for instance, still survive, four males and two females, and they did not breed this year. The California condor with 60 survivors is also in trouble.

However, there was better news about some other birds, notably the ivory-billed woodpecker which had not been seen for 10 years before a pair was sighted in Louisiana in March of this year, and the Eskimo curlew, which has been reappearing on migration in Texas in very small numbers after having been believed extinct since 1945.

The trumpeter swan, Eastern turkey, and Hudsonian godwit are now considered to be out of danger.

Vigorous efforts to protect certain rare species were also reported to the conference. The wild population of the Whooping crane, for instance, which now breeds only in Wood Buffalo National Park in Northern Canada and winters only on the Gulf Coast in Texas, has been raised from 14 in 1938 to 38 in 1962. Recenly a threat to route a railway line close to the bird's breeding grounds has been averted.

The reasons why birds become extinct are changing. Direct slaughter, which accounted for the Dodo, the Great Auk and the Passenger pigeon, is now a much less significant factor. Instead, destruction of the habitat is becoming more and more important.

A new and deadly factor is feared to be behind the serious and widespread decrease in the numbers of birds of prey, reported to the conference from many countries, among them Britain, the United States, and Israel. This is secondary poisoning from eating birds or small mammals which have themselves fed on grain, leaves, or insects contaminated by highly poisonous farm chemicals such as DDT and Aldrin. No positive proof of this is yet available, but

the general opinion is that this is much the most likely explanation of the sudden decrease of birds of prey since the use of these chemicals became widespread.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

Mr. PASTORE. Mr. President, in the absence of the Senator from Louisiana [Mr. LONG], I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG of Louisiana. Mr. President, I call up my amendments designated "6–15–62—T," and ask that they be read.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

Beginning with line 12 on page 33, it is proposed to strike out everything through line 16 on page 34 and insert in lieu thereof the following:

"(b) No communications common carrier shall own any shares of stock in the corporation either directly or indirectly through subsidiaries or affiliated companies, nominees, or any persons subject to its direction or control."

Beginning with "Such" on page 34, line 20, strike out everything through page 35, line 2.

The PRESIDING OFFICER. Does the Senator from Louisiana wish the amendments to be considered en bloc?

Mr. LONG of Louisiana. Yes; I ask that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, it is my view of this communications satellite bill that its principal failure has been that it does not undertake to guarantee maximum competition between the new communications system made possible by our $25 billion investment in outer space and the existing communications systems.

In no way do I intend to harm the Bell Telephone System. The profitable operation of this corporation will be assured as far into the future as any of us can see. If it should ultimately become necessary for American Telephone & Telegraph, the parent of the Bell System, to engage in the communications satellite field in order to remain a profitable operation, that decision can be made in the light of facts as of that time. At the present time, all the allegations are the other way. The propaganda inspired by A.T. & T. has beeen to the effect that this communications satellite will not work, that the experiment in this area will not prove significant.

For example, in the hearings held before the Committee on Commerce, Mr. Dingman testified, at page 187:

It is also claimed that a communications satellite system controlled by carriers having heavy investments in existing facilities which the satellite system might obsolete would retard development of such a system. This too is nonsense, and for many reasons. No one has suggested that satellites will provide a better quality of service than modern submarine cables. Nor does any knowledgeable person say that we should abandon all other means of international communications in favor of satellites. This would, of course, be folly in this troubled world. Conceivably, satellites may one day tend to retard the expansion of cables, although this is highly questionable. But satellites certainly will not obsolete cables before their time. Moreover, it must be remembered that certain of the foreign communications agencies which will be expected to participate in the ownership of the satellite system also have large investments in cables and other existing facilities. This nonexistent problem of obsolescence would therefore not be overcome by excluding U.S. carriers from participation in the satellite system.

There we have a typical illustration of the testimony of witnesses for the American Telephone & Telegraph Co., who say that the proposed satellite would not be very good; that it would be a long time before it could be expected to make money from it; nevertheless, they would like to have it, even though it may not be valuable.

I have read articles in magazines such as Life which have undertaken to convey the impression that the American Telephone & Telegraph Co. already has such a satellite and expects to provide a fantastic new service with it. If the proposed service should become so efficient and effective that the great American Telephone & Telegraph Co. and the Bell System, which it possesses, should feel it necessary to own a satellite and have satellite communications in order to be an effective competitor, there is nothing to prevent Congress at that time from providing Government assistance.

What I am saying is that if we are going to undertake to put a satellite and a satellite system into orbit and make it a privately owned system, we should undertake to see to it that there will be maximum competition between the new technology and the old technology. Congress did that sort of thing when it refused to permit the railroads to own the water carriers or the airlines or the buslines; and there is no doubt that if a competitive system is established, the new competitor will find it necessary drastically to reduce rates in order to get the business; and the evidence available to some of us is that when this new system is put into effective operation, it will be possible very greatly to reduce rates.

What some of us object to, in connection with this bill, is that we can see in it ways by means of which this new communications system could be made a mere supplement of the old system, without giving the public the benefit of the very great rate reductions and very great economies and perhaps additional service as early as it could be made available. And as I shall develop during the debate, the record of the American Telephone & Telegraph Co. is not too good in regard to putting new technologies into effective use as rapidly as it possesses them.

It should be noted that, while this bill does make some provision for maximum competition in securing parts and components for the new system, it makes no adequate provision for maximum competition between the new system and existing systems of communication. The only language I am able to discover in the bill which goes to this need appears in section 102, which is the "Declaration of policy and purpose." In subsection (c) of that section, this language appears:

It is the intent of Congress that the corporation created under this act be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public.

But, Mr. President, this is merely the declaration of the policy of this bill. No further language along these lines appears in the bill, which means that no provision to implement this policy has been included. The FCC is directed, elsewhere in the bill, to assure competition in the procurement of components for the new system; but no language appears directing it or anyone else to carry out the policy which the above-quoted language would appear to set.

Mr. President, here is the crucial issue. It is not a question of public versus private ownership, insofar as this Senator is concerned. The question is whether we are going to favor competitive free enterprise, or at least competition between existing modes of communication, transportation, and other services, or whether we favor welding the entire system—whether it be transportation or communication—into a single monopolistic giant. It is this trend toward monopoly that I am determined to resist. As a chairman of a Subcommittee on Monopoly, it is possible that I feel this duty more strongly and view this matter more clearly than do some other Senators.

I see in this bill both the method by which the largest monopoly on earth could get control of a potentially competitive system, and the means whereby this monopoly could frustrate or prevent the rapid development of the system in the event it could not obtain adequate control to suit its purposes.

In fact, it is clearly within the realm of possibility that the largest single stockholder in the system would see fit to retard the growth of the system, rather than speed it. It is crucial to the growth and development of this Nation that this sort of thing not be permitted.

I would like to give Senators some idea of the size of the A.T. & T. system. While many of us speak over the telephones of the A.T. & T. system every day, we do not know how large it is, with the subsidiary companies it controls.

I ask unanimous consent to include at this point in the RECORD a statement of the principal investments in subsidiaries of the American Telephone & Telegraph Co. The source of this table is the A.T. & T. Annual Report for 1960, at page 21.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—*American Telephone & Telegraph Co. investments in subsidiaries and in other companies, Dec. 31, 1960*

[Dollars in thousands]

	Capital stocks owned by A.T. & T. Co.		Advances from A.T. & T. Co.
	Percent owned	Cost	
Principal telephone subsidiaries:			
New England Telephone & Telegraph Co.	69.33	$310,641	$84,000
New York Telephone Co.	100.00	1,424,280	
New Jersey Bell Telephone Co.	100.00	523,667	18,400
Bell Telephone Co. of Pennsylvania	100.00	666,316	15,500
Diamond State Telephone Co.	100.00	41,700	4,175
Chesapeake & Potomac Telephone Co.	100.00	101,000	22,200
Chesapeake & Potomac Telephone Co. of Maryland	100.00	226,468	28,800
Chesapeake & Potomac Telephone Co. of Virginia	100.00	250,000	28,000
Chesapeake & Potomac Telephone Co. of West Virginia	100.00	97,000	7,700
Southern Bell Telephone & Telegraph Co.	100.00	1,266,817	29,000
Ohio Bell Telephone Co.	100.00	532,042	17,500
Michigan Bell Telephone Co.	99.00	409,399	18,000
Indiana Bell Telephone Co., Inc.	100.00	206,587	6,200
Wisconsin Telephone Co.	100.00	218,224	5,900
Illinois Bell Telephone Co.	99.32	671,422	39,000
Northwestern Bell Telephone Co.	100.00	411,040	17,900
Southwestern Bell Telephone Co.	99.99	1,243,243	25,000
Principal telephone subsidiaries—Continued			
Mountain States Telephone & Telegraph Co.	86.75	$439,195	$18,200
Pacific Telephone & Telegraph Co.	89.62	1,402,360	134,000
Total		10,441,301	519,475
Other subsidiaries:			
Bell Telephone Laboratories, Inc.	50.00	27,500	
Western Electric Co., Inc.	99.82	739,361	
195 Broadway Corp.	100.00	26,015	4,600
Other		31,068	3,650
Total		823,944	8,250
Other companies:			
Southern New England Telephone Co.	19.06	36,990	4,600
Cincinnati & Suburban Bell Telephone Co.	29.83	21,065	8,100
Bell Telephone Co. of Canada	3.51	18,855	
Miscellaneous investments		28,304	
Total		105,214	12,700

Source: A.T. & T. Annual Report (1960), p. 21.

Mr. LONG of Louisiana. It will be seen that this great corporation pretty well encompasses the Nation from coast to coast and accounts for over 90 percent of all telephone service in the United States.

Furthermore, Mr. President, while it is true that the bill does not state that the American Telephone & Telegraph Co. will own or control the satellite, I must say that articles appearing in magazines and elsewhere certainly give the impression that that would be the case. We have seen articles printed, I believe with the concurrence of the great American Telephone & Telegraph Co., which give the impression it belongs to them already.

Here is a little squib which appeared in the New York Times of yesterday. It reads:

Go, Go, Go, A.T. & T.

The administration is eyeing Cape Canaveral, Fla., apprehensively these days, fearful that the rocket-launching schedule there may give rise to renewed charges that the New Frontier is "antibusiness."

At present the American Telephone & Telegraph Co. is pressing forward with the launching of its privately financed Telstar communications satellite. The company has been given a deadline of mid-July, after which a test of the Government-financed relay communications satellite is to begin.

Sensitive Kennedy backers are hoping that A.T. & T. will meet the deadline, thus sparing the administration the distasteful and politically prickly task of knocking the Nation's largest corporation off the launching pad.

There again we may get the impression that A.T. & T. owns this facility already. During the course of this debate, I shall present similar information along the same line.

I would point out there is still a great amount to be done before an effective communications system can be placed in orbit. It also seems to me that when this Nation negotiates with other countries—foreign nations—to make agreements, using the sovereign power of this Nation, this Government should speak for itself, rather than authorize some private profit corporation to negotiate in the name of the United States of America.

I suppose there may be a precedent somewhere in which the United States has authorized a company to go to a foreign nation as the spokesman for this Nation in foreign affairs, in pursuance of its own advantage, but I simply know of no such precedent in my own experience.

What is needed at present is, first, the development of this Nation's capacity to put a satellite into outer space and make it useful. In my judgment, that should be done before we undertake to give it away, or to sell it to someone, or to make it available to some other country.

I notice the report of the House committee on the Communications Space Act of 1962, under the heading of "Why Legislation Now?" seems to have a judgment that parallels my judgment, namely, that legislation like the pending bill is not needed in order to get a satellite into outer space, that it is not needed in order to develop the system, that it is not needed in order to proceed as rapidly as possible in order to develop this new facility. The reason why the legislation is needed is to enable a corporation to speak for America, an unprecedented act, instead of letting America speak for America which is—I suppose it has been done previously, but I do not know of it. At one time Pan American Airways sought to designate itself as spokesman for the United States, but that effort failed.

From reading page 8 of the House report, under the heading "Why Legislation Now?" one would gain the impression that the need for legislation is to allow a private corporation, established for profit purposes, to negotiate with foreign countries for the United States of America.

It should be noted that in practically every foreign country the telephone systems are owned by the Government. The telephone service is controlled by the Government. In some nations the system is part private and part Government owned. I believe this Nation is unique in that the telephone companies are privately owned.

We know what fantastic power is available in the hands of any one telephone company if it wanted to use that power. For one thing, it could listen to the conversation of any person, if it thought it necessary. In the hands of Communist nations, the telephone systems are used to "bug" conversations, even if a person is not on the telephone. There is fantastic power available to any group that owns a telephone system. This Nation is the only one that has shown confidence in permitting a private company to furnish telephone service and to leave it without Government control, except insofar as relates to regulating rates.

I do not quarrel with that result. I point out that the argument as to why the legislation is needed now relates not to the need of getting into outer space, or technical development, but to the setting up of a corporation to speak for this Government in foreign policy—a very serious matter—and negotiate with other governments, most of whom own their own telephone systems.

There is still much engineering work to be done. There is no question about it.

Before I get to that subject, I should like to read from the House report to make clear for the record what I am addressing myself to.

The question in the subhead is, "Why Legislation Now?"

I read from the report:

In view of all of these facts which make the establishment of a global communications satellite system very much a thing of the future, the question might be asked why it is necessary to enact legislation now, and why the establishment of a communications satellite corporation cannot await the conclusion of the international agreements upon which the establishment and operation of such a global system depend. The answer to this question is very clear.

If a national policy of private ownership and operation of the U.S. portion of the international system is to be assured, the instrumentality therefor must be established now. If this instrumentality is not created at the earliest possible date, all planning for U.S. participation in the international system will have to be done by Government agencies. Our private communications carriers, especially in view of the antitrust laws, will be prevented from cooperating effectively with each other and with the Government agencies in preparing effective plans for U.S. participation in the international system. The creation at this time of the needed instrument, in the form of a private corporation, will provide the machinery through which existing carriers and other private individuals and groups which desire to participate financially in this new venture may do so. As a private corporation its securities would, of course, be subject to applicable securities laws, including those administered by the Securities and Exchange Commission.

Mr. President, it makes more sense at this particular stage in the game—since we do not know whether it will work and there is no one with whom to communicate—that the U.S. Government should speak for the U.S. Government. The people with whom we shall be negotiating on the other side of the table will be spokesmen of the governments of the foreign countries. It makes sense to this Senator to go ahead with the negotiations and with the agreement, if it is desired to assign wave lengths and channels, and to permit A.T. & T. to advise the Government if it wishes to advise the Government, or to permit other private corporations to advise the Government, instead of having the Government advise the corporations. We should permit the United States to go ahead, as it has done traditionally, and negotiate agreements.

There is nothing in the antitrust laws which would forbid any of these corporations, provided they have the consent of the Government, from cooperating in any way in which they wish, in talking about negotiating agreements. The Federal Communications Commission, in fact, authorized these communications common carriers to get together and to make their own plans for the ownership and operation of a communications satellite system. They did that, operating as a so-called ad hoc committee. If that can be authorized today, in violation of the antitrust laws, with the acquiescence and support of the Department of Justice, there is no reason these commercial concerns could not act similarly if they undertook merely to give advice, insofar as oversea agreements are concerned, affecting the service that the American common carriers would relay on to users of their service.

The statement has been made that this matter should be turned over to free enterprise. I am in favor of free enterprise. My definition of free enterprise refers to competition, that is, the greatest possible competition that can be achieved whenever it can be accomplished. Only when we cannot achieve it by competition should we turn it over to a monopoly. Let us see what the Communist textbook says about our free enterprise system. I am quoting the Communist textbook. This is not my definition of free enterprise. I read:

During the period of imperialism there occurs a fusion of the state apparatus and the monopolies. As a matter of fact, the monopolies, which rule the economy, subordinate the state apparatus to themselves, and use it for multiplying their profits and strengthening their domination.

The ruling monopolies capture for themselves and use in their own interest the property of the state. State property in capitalist countries is created as a result of the building of enterprises, railways, arsenals, etc., at the expense of the government budget and by way of nationalization, i.e., the transfer of certain private enterprises to the government for a generous compensation.

Often, state enterprises are given in lease to large firms on very favorable terms. The monopolies receive from the state a number of benefits and privileges, such as reduced rates on electric power, reduced railroad rates, etc. In capitalist countries, there is a widespread practice of reprivatization, i.e., the transfer of state enterprises into private hands, usually at giveaway prices (ibid., p. 249).

I do not want to see our space activity conducted on that basis, to fit the Communist textbook definition. I would like to see the activity conducted in such a way that when it goes into private ownership it goes into an ownership designed to assure maximum competition with existing means of communications, rather than simply being turned over to the greatest monopoly in the history of all mankind. I should like to say, also, that insofar as this effort is concerned, we cannot separate the space satellite itself from the effort to place it into orbit.

In that connection I should like to read from the ad hoc committee report. This committee was made up of the American Cable & Radio Co., the American Telephone & Telegraph Co., the Hawaiian Telephone Co., Press Wireless, Inc., the Radio Corp. of Puerto Rico, RCA Communications, Inc., South Puerto Rico Sugar Corp., Tropical Radio & Telegraph Co., and the Western Union Telegraph Co.

Of that group the American Telephone & Telegraph represents about 85 percent of the economic power. Listen to what they have to say:

Government and industry research and development activities during the coming year should provide much additional scientific knowledge relating to communications satellites. Technical problems on which facts are needed for the development of an operational system include (a) location, strength, and significance of damaging radiation, including life expectancy of satellites operating in the space environment; (b) how to achieve reliable control and stabilization of attitude; (c) how to achieve reliable positional control in orbit; (d) how to place heavy payloads into high equatorial orbits; and (e) significance of time delay due to long transmission paths, and appropriate corrective measures for echo.

Except for the last one, they are all a part of Aerospace Research.

With respect to the latter I quote from page 130 of the hearing I conducted last year:

With respect to telephone services, it is a matter of opinion if this time delay is enough to be objectionable. Many telephone engineers consider this delay to be unimportant.

So far as the equities of the Government and the taxpayers are concerned, if we compare this proposal with the construction of a television station, including the gigantic tower which would have to be built—and the proposed satellite would be the equivalent of a television tower 25,000 miles in space—it can be seen that a tremendous portion of the investment necessary would have to come from the Government, and the Government has already contributed an enormous part of it.

Of course, a substantial amount of engineering and development work still remains to be done; there is no question about it. Yet it is by doing these things, by visualizing the systems and going ahead and building them, that the objectives will be attained. For example, the first railroad train really was not much of a train; nevertheless, it was the fact that the first train was built, ran on tracks, and was constantly improved that permitted the eventual development of the transportation system which we now have.

Technically the proposed systems must, of necessity, be global in their coverage and in the service which they provide. If one were up on a satellite, the world would appears as a small place; he would not see national boundaries.

International cooperation in such systems is inherent in the technology. For example, in the communication area, the satellite will act as a repeater of messages originating at one point and received at another, and it makes very little difference whether it is New York and London or Timbuktu, insofar as the satellite is concerned. It will work equally well.

Weather information is just as readily available from Japan as it is from the United States or any other part of the world, and if an intelligent and a really able job of using this information to its maximum advantage is to be done, it will be necessary to have information from the entire globe, not merely some small part of it, and it would not cost much more to do the whole job than it would the small part.

For navigation, the satellite would work just as well for the ships of the Europeans, of the South Americans or anyone else as it would for those of the United States.

From a reconnaissance point of view, it is just as easy to examine the entire globe and to know what is going on all over the world as it is any one particular area.

If we are to realize the full technical potential which I believe this technology offers, there will have to be a substantial

international agreement on how the services are to be used and an international acceptance of the belief that these services are going to be valuable for all nations and not just the United States.

We really have to convince the other nations of the world that the new technology holds promise for their safety and well-being. Their active support and cooperation in this new adventure in society will have to be attained.

The United States, as a consequence of the excellent technical achievements of its NASA and DOD programs, has an unusual opportunity to advance its position of prestige and world leadership, as well as to make a major gain toward the objective of preserving the free world, if it will now decide to devote its present and future space achievements to this purpose. In my opinion, this should be the dominant factor in making the decisions on how to develop our technical achievements in space for the service of the Nation and mankind. What is now needed is a thoughtful and conscientious appraisal of the political feasibility and possible consequences of the various courses of action open to the Nation.

In the present world conflict, it is to our advantage to improve the ability of the peoples and nations of the world to communicate with one another. Satellite systems can be used to considerable advantage to accomplish this purpose—whether the nations be large or small—if this is the objective of the system. It is to our advantage to develop services which will be of general usefulness—such as weather reconnaissance and navigational aids—which can be, and are, shared among all nations and can be of benefit to all. It is to our advantage, and the advantage of all sincere, peaceful nations, to develop international satellite inspections systems as a further protection against secret aggression. Satellite technology offers the promise of all these services, but statesmanship of a high order will be necessary for their attainment.

For example, it is one thing for another nation to seize the private property of one of our nationals, as has happened in Cuba; but it would be quite another to destroy property in which all nations had a real and vital interest. It would be one thing to interfere with communications between the United States and, say, England or India; quite another to disrupt an international communications service of all other nations. It would be one thing to interfere with weather observations useful only to the United States; quite another to have to do so by disrupting the same service on an international basis.

At the present time, the United States has accomplished a major technical achievement in space through the able research and development programs of the Department of Defense and the National Aeronautics and Space Administration. Now it is necessary to determine how to utilize these achievements and make their realization politically possible. I urge the Government to establish a grand strategy to utilize these achievements to lessen world conflicts and ease world tensions. This program should be an integral part of, and in my opinion can be an important instrument in, our basic foreign policy.

We have, then, the question: Is it in the best interest of the country for the Government to use its present and future technical opportunities as a means for improving the position of the United States throughout the world? As I read through the hearings, I cannot fail to notice that this problem has not been discussed in even the most cursory manner. It has just been ignored.

The technical achievement we now have in our hands is far greater than just the extension of our communication. Certainly it does that. It is a new kind of service, and we can think of it in those terms; but, to quote Mr. David Smith, vice president of the Philco Corp., that is only 1 percent of what we have accomplished.

Mr. Smith also states:

> If we label that achievement as just being an extension of our present commercial communications service, certainly that is the way the rest of the world will regard it. They are not going to put a higher value on it than we will. We have got to be sure we fully understand all the things that we can do with this before we decide that we are going to put a little label on it.

Mr. President, it is in our hands to see that this Nation realizes the full capabilities of these achievements which our scientists have accomplished. I submit, however, that very few of us are capable at this time of assuming the responsibility of assuring that the great potentialities of this system are realized.

The American Telephone & Telegraph Co. is trying to create the impression that communication by satellite is merely a supplement to communication by undersea cables or land lines. A.T. & T. likes to refer to the satellite as a "cable in the sky." This, of course, is nonsense.

Let me quote what Mr. Ray H. Isaacs, vice president of the Bendix Corp. stated before my Monopoly Subcommittee last August:

> It is difficult at this early stage to visualize what is encompassed in space communications, but I am sure actualities will probably exceed our imagination. Beyond the present areas of telephone, telegraph, radio, and television, we will see aircraft passenger communication both to the ground and other aircraft for the first time, and, of course, similar space vehicle communication out in the future. It will be impossible to separate communication from control as hundreds of vehicles in space may use portions of the same space and ground systems for control as well as communication. Weather data transmission can use the same system as possibly world navigation. Then we must dream of the broad field of data transmission involving photographic, display presentation, business data of all kinds, whole newspapers and magazines with simultaneous printing around the world. We could even see technical assistance between businesses of laboratory operation and manufacturing methods utilizing such a system of space communication.

The chief points of this statement are first, that we do not know at present what the potentialities of a satellite communications system will be; and second, the actualities will probably exceed our imagination.

Gen. David Sarnoff, board chairman of the Radio Corp. of America, appearing before Senator KEFAUVER'S subcommittee on April 12, 1962, stated:

> I think I am not overstating the fact when I say to you that I regard the satellite communication as the most significant and the most vital development in the world of communications since I began over a half century ago. But we are only at the beginning. It is far from being a finished product. Certainly it is not a finished system. There is much yet to be learned before one can speak with certainty about a global operating satellite communication system.
>
> I think also that the satellite communications possibilities go beyond the mere extension of existing communications system. It is more than the so-called cable in the air, or a hightower in space. It is a revolutionary possibility of global communication, the limits of which no man, in my judgment, is competent enough to place at the present time.

The threat of this revolutionary new technology to existing methods of communication was attested to even by FCC Commissioner Craven, before the House Space Committee:

> The main thing that I want to emphasize is that if we try to establish a separate system by satellites in competition with existing things, I am quite certain that ultimately the existing means of communications which are going to be necessary are not going to be able to survive economically.

That statement—that this new system holds such fantastic prospects that it is a grave threat to the existing communications system—is completely at variance with the one made by the vice president of the American Telephone & Telegraph Co. As I have said, we should think in terms of taking full advantage of the existing methods; and if eventually this threat to the existing system should materialize, that would be the time to think in terms of permitting the existing system to have similar satellites.

The General Telephone & Electronics Corp., an important communications carrier and manufacturer of electronic equipment, stated that—

> There is no support in the record for the contention that satellites will provide merely a new physical element in rendering existing and future communications services and as such must be viewed as supplements or alternatives to the existing means of cable and radio communications.

In fact, a communications system which will satisfy the objectives of the President's policy statement of July 24, 1961, will provide many services which cannot presently be provided by existing international communication common carriers. These new services include broadband data transmission and television transmission. In addition, a satellite communications system meeting the national objectives must meet the following requirements:

It must provide direct communications between domestic and foreign points which do not presently have such service;

It must provide direct communications between foreign countries;

It must be capable of providing direct communications between points within a single foreign country—as, for instance, within Brazil or African countries; and

It must be capable of providing direct communications between points within the United States—for example, between Alaska and the other States, and between Hawaii and the other States.

In order to discuss intelligently the great issues connected with satellite communications, it is necessary to explain the characteristics and potentialities of the various systems.

THE ROLE OF COMMUNICATIONS SATELLITES

While the principle of satellite communications is a relatively simple one, its practical application is a matter of far greater complexity than might at first appear. For this reason, it is best to start with the technical aspects, including the reasons why satellites are destined to play an important part in communications in the years ahead.

As the demand for communications services continues to grow, we must move to higher and higher radio frequencies to provide us with an increased number of channels and circuits of greater capacity for handling intelligence. When we move up to frequencies of many millions of cycles per second, as with our present overland microwave and television services, the radio waves tend to travel in a straight line in the manner of light. To transmit them over long distances, we must use relay stations built within line of sight from one another to carry the signals around the curvature of the earth. This is the function of the relay towers which now cross the continent and parallel many of our turnpikes and pipelines.

Until now, there has been no economical means for extending such a relay system across the oceans. For international communications services to Europe, Asia, Africa, and Central and South America, we use submarine cables and lower frequency radio transmission, neither of which provides the capacity that could be achieved with an ocean-spanning equivalent of our overland microwave relays.

As a matter of fact, my best information is that, in order to be able to send a signal by microwave from coast to coast in this country, if there were a tower in California at the highest point that could be found, and another one in New York at the highest point that could be found, both towers would have to be 300 miles high. The same result would be achieved by having one satellite at one fixed spot in the heavens, which could be done by the synchronous system, which I shall explain later.

To simplify, I shall avoid reference to the various technical categories of radio frequencies and identify them instead under only two general headings. I shall use the phrase "lower radio frequencies" to identify all of those signals which follow the curvature of the earth or are reflected from the ionosphere back to the earth, as is the case with our present transoceanic radio communications. I shall use the phrase "microwave frequencies" in reference to the signals that follow a straight line-of-sight path, as is the case with our present continental microwave and television services.

Manmade satellites now offer us a solution to the problem of extending microwave frequencies across the oceans. A satellite in orbit several thousand miles above the North Atlantic, for example, would be within direct line of sight simultaneously from both sides of the ocean. Thus, the satellite could be used to relay microwave frequencies in a single hop across the ocean, performing the same function as a chain of many relay stations spaced 20 to 30 miles apart on the earth's surface. Such satellite-relay techniques will multiply by hundreds of times the capacity of our international communications systems and will permit new services, such as intercontinental television, that cannot be provided by our present cable and lower radio frequency circuits.

Three possible satellite techniques have been or are being considered for international relay services.

The first is the passive reflector. This type of satellite, when placed at a desired altitude, acts simply as a reflecting surface from which radio signals may be bounced from one point to another. The Government's recent Project Echo demonstrated this technique with a 100-foot aluminized balloon moving in an orbit about 1,000 miles above the earth. This type of satellite would have the advantage of extreme flexibility in the sense that signals of many different frequencies could be reflected simultaneously from its surface. However, since only a small part of the signal power would be reflected toward the receiver, the passive technique requires very powerful transmitters, using tens of thousands of watts of power, and ultrasensitive receivers, and even then one would wind up with a low-capacity system. For practical commercial communications service, the passive reflector satellite thus is now regarded as less promising than the active relay types which I shall now describe.

The second technique is the low altitude active repeater satellite.

Low altitude refers in this context to satellites in orbits several thousand miles above the earth, generally in the 4,000- to 8,000-mile range in an operational system, as distinguished from the high altitude or synchronous technique which I shall describe later. Here, the satellite will contain equipment to receive, amplify, and retransmit radio signals in both directions in the manner of our present overland relay stations. Project Relay, now in development, will demonstrate this method with satellites moving in orbits from 1,000 to 3,000 miles above the earth. Because this technique involves transmission from ground to satellite and retransmission from satellite to ground, it will require far less power in the ground transmitters than would the passive reflector technique. The equipment in the satellite also will need only a few watts, a power low enough to be supplied by solar cells.

For practical communications service, the low altitude active repeater technique will require a substantial number of satellites. Several dozen will have to be placed in orbit to maintain full-time, or virtually full-time, service between two points, and several score to service a multiplicity of points. This results from the need to insure that, as one satellite disappears over the horizon, another comes within range of the two communicating ground stations.

The low altitude satellites can either be put in an orbit so that they will pass over the poles or they will pass over an orbit that is inclined to the poles.

The first experimental satellite, such as Relay, will be placed in an orbit that will be inclined to the poles, and if the satellite takes 2 or 3 hours to make its circuit around the world, and while this has happened the earth itself has rotated on its axis, so that when it comes by the second time, it does not pass over the same point over the ground. It is more to the east, for example. Because the satellite moves in its orbit and because the earth rotates, the satellite is in view, for example, between New York and London for only a short period of time. Then another satellite is needed, and it must then be picked up. The first one coming around again might at that time be over the continent of Europe and not useful for this particular circuit. This is the reason why a large number are needed.

The need for many satellites is obviated by the third proposed technique. This is the fixed, or synchronous, active repeater satellite, placed in orbit 22,300 miles above the Equator, and moving parallel to the Equator. At this altitude, the speed of the satellite matches the speed of the earth's rotation, so that the satellite remains fixed in relation to the earth's surface in the manner of an enormously high relay tower. Project Advent, being developed by the Department of Defense for military purposes, and Project Syncom being developed by Hughes Aircraft Corp. for NASA will test the synchronous principle.

If, for example, a satellite is placed over the Equator and roughly over the Atlantic between the North American Continent and the European-African Continents, it would move at the same angular rate as the earth turns on its axis, so that as it goes around it is always visible from the same points on the surface of the earth, and, therefore, continuously available for communications.

For almost the entire hemisphere, it is available for communications. And any time of the day, if it was visible to the eye at all, at any time of the day it would be in exactly the same place.

The stars would appear to change their position, but, as far as that satellite was concerned, if a person could see it at all, it would be perhaps exactly dead overhead at all times.

If one set up, for example, a telescope on earth and left it pointed in the same direction toward the sky, and if the satellite had good stationkeeping properties, one could for day after day go and look through that telescope and see the satellite at any hour of the day.

I am using this in loose terms because it would be difficult to see so small a satellite at that distance, but one could see it by radar.

This technique offers a number of unique advantages. Increasing the altitude of a satellite increases the area of the world over which it is directly visible for communications relay purposes. At

the 22,290-mile altitude of the synchronous satellite, the area of coverage is so great that only three satellites would be needed to provide effective microwave frequency links among virtually all inhabited areas of the world.

Now, one might think that it would be quite a problem to provide enough transmitting power to get that distance, but this is not true.

Because as one directs a radio signal into space, there is very little to attenuate the signal.

The transmitter power on the ground is very modest; the transmitter on the satellite to return it to ground is only a matter of a few watts; for example, of the order of 10 watts.

This signal travels much more easily through space than it does in the atmosphere because a signal that is near the earth is attenuated by the objects on the surface of the earth.

A further major advantage is in the fixed position of the satellite relative to stations on the ground. With the low altitude technique each ground station will require computing and tracking facilities to determine the position of each moving satellite and to follow it with directional antennas as it moves across the sky. With the synchronous satellite, ground stations will be able to dispense with the computers and employ simple fixed antennas, aimed permanently at one point in space.

When we consider a global communications service via satellite relays, the greater potential advantage of the synchronous satellite technique becomes apparent.

In using a moving satellite relay that passes at low altitude, communication between any two ground points will require duplicate facilities at each end of the circuit in order to assure uninterrupted service. As one pair of antennas tracks the satellite disappearing over the horizon, another pair must be ready and waiting to pick up the next satellite coming into view. In addition, the constantly changing pattern of interstation connections through a moving satellite limits this system in a practical sense to communication between only two areas at a time. For example, the satellite that is simultaneously visible from New York and London will not be simultaneously visible during exactly the same time period from New York and Madrid. If communication is to be carried on at the same time between New York and both oversea points, use will have to be made of another satellite, requiring another duplicate set of ground facilities at the New York end.

With the synchronous satellite technique, on the other hand, a single satellite will remain fixed at all times within the view of many ground points. The pattern of interstation connections will remain stable, and a single set of ground station facilities at each location could be used for communication to all other points through the satellite relay.

For this reason, the synchronous satellite relay technique seems to be unique in offering the flexibility and capacity that are required for truly global satellite communications. Any number of earth stations within the large area of coverage can make simultaneous use of the relay. This permits the use of a method of modulation that provides general direct access to the satellite from all ground points within its range of visibility. Thus, every user can employ his own ground stations, located where most convenient to him, and he can communicate with any other ground station within the range at any time.

The flexibility of this approach is such that each country may have its own terminal facilities in its own territory, avoiding any need for retransmission from a centrally located ground station situated in or beyond other national areas. Furthermore, the simplicity of channel assignments and of ground station equipment is conducive to use by countries having low traffic requirements, as might be the case in the underdeveloped areas of the world.

The degree to which a low altitude system can approach the synchronous satellite in offering this flexibility of operation and multiple ground station locations is a matter of current study and analysis. The synchronous satellite system does eminently meet the technical and performance requirements of a global communications system as outlined in the President's statement of July 24.

These considerations have led scientists and engineers to propose the concept of worldwide commercial satellite communications employing the synchronous satellite technique. This concept envisions versatile, large capacity, synchronous satellites at three locations above the Equator, where they would provide relay links among all of the principal communications centers of the world. These satellites would be open to full and independent access for all international radio, telephone, telegraph data, and television services through their own ground transmitting and receiving stations.

There is a time scale of availability for the apparatus which should be outlined. The low altitude satellites are light in weight and can be boosted into orbit using present launching vehicles. There is a program which contemplates, with larger launching vehicles, the placing of several low altitude satellites in orbit with a single rocket. The synchronous satellite would be heavier in weight and would require an orbit at an exact altitude with accurate position keeping. This would place a larger requirement on the vehicle to boost it into orbit. It also would call for equipment in the satellite to maintain its fixed position with respect to the earth. There are programs in progress which will lead to the solution.

The electronics and communications equipment in space and on the ground for both the low altitude and the synchronous satellites appear to be within the state of the art. In this case, the electronics and communications equipment appear simpler for the synchronous satellite than for the low altitude type, particularly if the low altitude satellite is to have the generality of use by many nations, which now seems necessary for an extensive worldwide communications network.

In selecting the proper system, the following four important criteria should be considered:

First. The system should provide the technical basis for a worldwide capability.

Second. The system should facilitate not only the linking of other countries to the United States, but also the establishment of direct links among other countries.

Third. The system and its operation should be flexible enough to serve the needs of small countries as well as large, and of developing as well as developed areas.

Fourth. The system should make the most efficient use of the already crowded frequency spectrum.

The synchronous system is the only system that meets these requirements.

As I have explained before, by reason of its altitude and speed, this satellite would remain fixed with respect to the earth, enabling stationary ground antennas to be used. In addition, the stationary satellite could be "viewed" from a large number of points on the surface of the earth. For example, a single satellite over the Equator at longitude 22° W. is visible from many important points.

This one satellite would make it possible to interconnect the telephones of Canada, the United States, Mexico, Central and South America, Africa, Europe, and part of Asia. These areas contain approximately 91.3 percent of the telephones of the world. Three such satellites can provide a worldwide system covering all of the earth's surface, except for the polar regions. It can be seen, therefore, that an operational system covering a large part of the earth can be established just by placing one satellite in the right place. This is impossible with the low altitude systems.

OTHER SYSTEMS PROPOSED TO DATE WILL NOT MEET THE NATIONAL OBJECTIVES

The low altitude random orbit satellite communications system employs a number of low—2,500 to 8,000 miles—altitude satellites in what are termed "random orbits." Each random orbiting satellite passes over both the North and South Polar areas. For each ground station there is a segment of space visible to its antennas which is called a region of communications.

Only satellites in this region can receive signals from and transmit signals to the ground station.

To achieve transmission between a pair of ground stations, it is necessary that the satellite be within the region of communications common to each. This is called the region of mutual communications. When this occurs, each ground station points a large movable antenna at the satellite and communications are initiated. As time passes, the earth rotates and the satellites revolve in their orbital planes. These movements result in the satellites passing through the region of mutual communications. One antenna at each ground station follows the moving satellite across the sky, maintaining communications as long as

the satellite remains in the region of mutual communications.

Communications will be interrupted unless a second satellite is available and is being tracked by a second set of antennas before the first satellite passes out of the region of mutual visibility. Communications are maintained by switching from the disappearing satellite to the new satellite. The time which one satellite may be used between two ground stations depends on the satellite orbit and the ground station locations. The maximum time will be of the order of 1 hour and the minimum a matter of a few minutes. Coordination is necessary between ground stations in order that only two ground stations will use the same satellite at the same time.

The random orbit system will not satisfy the national objectives as announced by President Kennedy and the State Department for several reasons:

First. It would not give global coverage.

Second. It does not embody the multiple access feature.

Third. Addition of new routes is limited by the number of satellites.

Fourth. A country that can afford only one ground station can have direct satellite communication with only one other ground station at one time.

Suppose we try to expand the random orbit system into a truly global system. What kind of a situation can we envision? Dr. Trotter of the General Telephone & Electronics Co. made the following estimate before my Monopoly Subcommittee in August.

If each of the 10 points were given the ability to communicate directly with each other through a random orbit satellite, it would require at least 18 big moving antennas at each ground location and 45 satellites in the proper places in space at that instant. While these 10 points would not constitute a worldwide system, still, they would require at least 180 big moving antennas and over 400 satellites in orbit to provide this limited service.

Therefore, although the random orbit system may have some merit as a substitute for cables in providing service over a limited number of fixed routes, it is not an economical worldwide satellite communications system.

It could be out as far as 6,000 miles, but the problem is still the same; since the satellite is coming over and is being tracked, the time that it can be kept in field of view of two antennas will vary from a couple of minutes to as much as an hour. That often a shift must be made.

Once this satellite has been used between these two ground points and while it is being used, it cannot be used between any other points. The reason is that the repeater, due to the Doppler shift in the incoming signals, can receive signals only from one point at a time.

If all we were trying to do is parallel the New York to London cables, it would be a pretty quick system, and it would be adequate, but this is not what we are trying to do. Yet this is the system advocated by the American Telephone & Telegraph Co.

Mr. President, I think it might be well to illustrate the problem involved in the system which is advocated by the A.T. & T.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. I request that the distinguished Senator from Louisiana make the explanation and exhibition with respect to both the proposed high-level synchronous orbital satellite system and the low altitude system, and in addition to describing the globe and the aids he has in front of him, I ask him to relate what he is about to describe to the large charts in the rear of the Chamber.

Mr. LONG of Louisiana. The point I am trying to make is that it is proposed by the American Telephone & Telegraph Co. that we undertake to put into orbit a satellite system that would require as many as 400 satellites. What I am about to say has a great deal to do with the proposed legislation. If a private corporation which would operate with a profit is to be created, someone will have to pay, and those who would pay for the 400 satellites would be the taxpayers of this country.

Mr. YARBOROUGH. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. If it were a private company trying to make as much profit as possible, would it be to the advantage of such company to have a great many expensive satellites, and then charge the expenditure for such satellites to the rate base to be charged the users of the system?

Mr. LONG of Louisiana. If it were a private company that entertained some doubt as to whether the project would make money, unless it had available a fantastic amount of money, beyond that of any company other than the A.T. & T., I do not think it could pay the expense of putting 400 satellites into orbit or even 40 satellites. Such a company would have to have assurance that the system would show a profit.

But if the American Telephone & Telegraph Co. were undertaking the work, that company could have assurance that it could spend as much money as it wished, knowing that it could charge the expenditures into the rate base. A company would hardly spend the money otherwise.

I shall explain how the operation would work. With the system now proposed by A.T. & T., satellites would be placed about 3,000 miles from the earth. They would be at a distance relative to the position of the little red dot at the end of the cone which I have placed over the globe. The satellite would go into orbit around the earth. As it moved between the two points, it would be visible for a 10-minute period between Maine and, let us say, London. During that period of time the multiple-tracking stations shown by the ground antenna in the rear, on the right side—an extremely expensive tracking antenna—would have to track and find the satellite. For that 10-minute period it would be trained on the satellite over both the United States and England.

When it had passed beyond the sight of these two antennas, due to the curvature of the earth, they would have to find another satellite, which would also have to be placed in orbit, and to locate that one and follow it across. In order to do that it would be necessary to have two multiple-tracking antennas, unless it was desired to interrupt the service while a search was being made for the next satellite. For fear that one might break down or that it would be impossible to train the antenna with the precision that would be required, a spare would have to be standing by.

This would represent a very great investment in money. In order to have a satellite available to communicate at all times, even between two points, one would require about 40 satellites orbiting around the earth with multiple-tracking units on both sides across the ocean in order to provide continuous service between the United States and England, using this method.

Now let us look at the method that will subsequently go into orbit. If the satellite, instead of being placed in low orbit, were placed in a relatively high orbit, an orbit, let us say, of 22,290 miles out in space, the satellite would be in this relative place with reference to the earth, as I am now demonstrating on the globe. If it were placed over the Equator at longitude 22° W., it would go around with the earth as the earth turned. The rate at which it would turn would match the rate at which the earth would turn. If it were placed above the Equator at longitude 22° W., and if a man at that point on earth could see the satellite, it would be exactly overhead for 24 hours a day. This would give us about the same relative advantage that we would have if we were to construct a television tower with an antenna 22,290 miles high.

We could send a signal to the satellite, and the satellite could send it back as a very weak signal, which could be received on earth by one of these fixed-type disks, illustrated as a ground antenna on the chart at the rear of the Chamber.

That antenna, instead of costing $15 million, as would a number of these tracking antennas, could be installed for a relatively small cost, perhaps for $1,600,000.

Without tracking and maintaining the antenna in one fixed position, one could communicate with the satellite and receive the signal back almost at any point on half the earth. This service would then be available to 92 percent of all the telephone sets in the world, at the same time. This satellite, which we expect to have in orbit within 2 years, would be able to carry 1,200 conversations simultaneously.

That is quite an achievement to be thinking of when we realize that at the present time there are only 64 channels in the cable across the Atlantic Ocean. This would give many times the capacity that we presently have.

Here we would have a single satellite which could provide far more service than the 40 satellites could. If we placed another satellite a third of the way around the earth, and still another one a third of the way around the earth from there, each of them turning with the earth, one could carry on a telephone conversation with the other side of the earth, from one relay to the other, in this way, as I am demonstrating. Such a system would be feasible, and no doubt it will be the system that we will eventually employ for global communication. It would be far less expensive to place that satellite in position and to operate it than would be the case with the so-called random orbit system. Instead of having 400 satellites in orbit there would be only 3 in orbit.

Another system which should be mentioned is the 10-satellite equatorial system. In this system 10 satellites, each at an altitude of 6,000 miles, rotate about the earth in an equatorial orbit spaced uniformly at 36° intervals.

This system has most of the disadvantages of the low-random-orbit system and has the additional disadvantage that continuous direct communications between important northern points such as New York and London would not be possible.

THE SYNCHRONOUS SYSTEM CAN BE ACCOMPLISHED AS EARLY AS SYSTEMS WHICH WILL NOT MEET THE NATIONAL OBJECTIVES

Proponents of the random orbit system have urged that this system, with all its disadvantages, can be accomplished earlier than a system using the stationary satellite.

In their argument, however, they failed to take account of the following facts:

First. The United States has made substantial strides in space technology within the last few months, and we are accelerating this progress.

Second. A stationary satellite for use in common carrier communications could be launched with rocket engines which are already developed and tested.

This, I think, is quite important.

Third. The random orbit system will have a minimum of 48 satellites, all of which must be manufactured, tested, and launched with appropriate provisions for failures. It would take 2 years to get this number up.

Fourth. The stationary satellite system will interconnect 91.8 percent of the telephones in the world when one satellite is in position and will give world coverage with only three satellites in position.

Fifth. Schedules prepared by experts in space technology indicate that the launching time advantage for a stationary satellite system by reason of the lesser number of satellites would permit a minimum of 11 more months' research and development time on the stationary orbit satellite than on the random orbit satellite with the same inservice date for either system.

A SYSTEM WHICH DOES NOT MEET THE NATIONAL OBJECTIVES COULD BRING ABOUT A PROPAGANDA DEFEAT

I do not think this should be underestimated at all.

Satellite communications represent a major opportunity for the peaceful use of space. Since we are in an ideological race with Russia and a propaganda war with communism, we should win the race to establish a satellite communications system, but it is equally important that when the United States establishes a space communications system, that it be a system which will truly satisfy the national objectives.

The Soviets are working on a communications satellite system. Their activities are suggested by the following quotation from page 71 of House Report No. 242 of the Committee on Science and Astronautics:

> There has been a significant lack of official comment by Soviet officials as to their plans for communications satellites, but U.S. scientists who have had private conversations with Soviet space experts report keen interest in this subject and considerable evidence of work area. Soviet scientists indicate that they are centering their attention on synchronous (24-hour) (stationary) satellites in a 22,000-mile-high orbit, which are particularly suited to global coverage.

Let me quote Dr. Herbert Trotter, president of the General Telephone & Electronics Laboratories:

> A random-orbit system could discredit us before the world as a leader in space communications if Russia establishes a stationary satellite system. If the United States went ahead with a low-random-orbit system, it would be possible for Russia to hold back until we were deeply committed to this system and had launched perhaps two-thirds of the satellites, and then with three satellites the Russians could establish a truly worldwide system before our limited system was even in operation.

In other words, we would go ahead and strain and strain away, and after getting about two-thirds of the way through, the system would not be any good when we got it.

Another consideration is the effect of a low orbit system on space travel. If there is to be space travel, care should be taken not to clutter up space with a large amount of junk. If any reasonable period of life can be assumed for the satellites, the rate at which they will die will keep us very busy replacing them. If a satellite had a life of, say, 5 years, and 400 of them were in space, it would be necessary to launch another 80 every year; and 5 years is an extremely long life to expect during the early stages. If the life of a satellite should be only 2 years, it would be necessary to put 200 satellites up each year.

The synchronous satellite relay system appears to have great advantages in resolving the complex problems associated with establishing a satellite communication system. This type of system will permit other nations to continue to employ their own national services. It will also facilitate international agreements. Since all organizations which will be parties to the agreements may have individual access to the satellites from their own ground stations, they may continue to conduct their business as they do today.

As Senators are aware, various studies are now being conducted on technological and economic aspects of space communications. At this point, however, we lack adequate assurance that any projections are accurate. Concrete data can come only from flight-testing of satellites under actual space conditions; we must, therefore, allow for a substantial margin of error in current projections relating to the economics and operation of the satellite technique.

For example, it is possible at the moment only to make assumptions as to the reliability and longevity of satellites in the space environment. Yet the actual operating costs of a communications satellite system are highly variable, depending directly upon the reliability of the system and its ability to perform under the conditions encountered in outer space. It would be risky and premature to make hard and fast decisions, freezing our scientific thinking about satellite plans, until the gaps in our knowledge are more adequately filled.

We are new at this project. We do not really know what we are dealing with. I doubt that most Senators can say what the public policy ought to be on this subject.

The experience of the Philco Corp. in the application of transistors can serve as a very good example for us. The Philco Corp. decided that it would turn loose a group of bright persons to determine how to use transistors and how best they could be developed. The first qualification was that those persons should have had no experience with vacuum tubes. The reason was that if they had had such experience, they would automatically have tried to fit the new invention into the old pattern, which is what happened in practically every other company except Philco.

Taking a broader view enables Philco to build and develop the first transistorized computer. Philco's computers will be found handling many of the calculations in the atomic energy establishments and in the Department of Defense.

Philco was enabled to attain the lead because it did not fit the new scientific knowledge into the existing pattern, and the new scientific knowledge was not left in the hands of persons who were already inbred in a different art.

Up to now the American people have spent $25 billion for research in the exploration and conquest of space. A communications satellite is the first major fruit of these public expenditures. But what do we expect to do with this great achievement?

The U.S. Senate has been asked to hand over its control to a small group of international communications carriers, dominated by the giant American Telephone & Telegraph Co., the biggest private monopoly in the world.

Testimony before our committee confirms the very narrow approach which these communications carriers have taken. To them, a communications satellite merely means a tower in space—a substitute for a cable laid under the ocean—to be integrated into the existing communications system. Yet many of the leading corporations of America have stated as to a communications satellite that 80 to 90 percent is space technology

and 10 to 20 percent is communications technology.

Senators no doubt remember the ancient story of Procrustes, the bandit who would try to fit his victims to his bed. If the victim was too short, he would be subjected to a painful, if not fatal, stretching to make him fit. And woe to the victim who was too long. His feet would be cut off to bring about the necessary size adjustment.

In this instance the Government is in the role of Procrustes, trying to fit the new technology, having potentials that can hardly be conceived of, into an existing and controlled system. What that amounts to is this: the people who are trying to decide how the space satellite should be used—both the Federal Communications Commission and the communications industry—by their positions and by the statutory limitations we have put on them, have to take a limited view. This means that only a fraction of the potentialities of a satellite system will be realized.

ECONOMIC GROWTH VERSUS PROTECTION OF EXISTING INVESTMENT

Mr. President, let us not kid ourselves. The explanation of the mad scramble for control of a space communications satellite can be found in cost comparisons between the old and new systems. The cost per channel-mile for the proposed new transatlantic cable TAT-3 is estimated to lie between $75 to $175. This cost could be compared with $27 to $56 per channel-mile for the proposed satellite system, assuming full utilization of channels. Moreover, the satellite cost can be expected to drop further as satellite life increases and as the launch-success ratio improves. Therefore, whether the estimate be on the high side or on the low side, the estimated cost per channel-mile of the new technology will be about one-third of the traditional method of communication, and the difference will become even greater.

What does all this mean?

It means that the present method of communication can well become obsolete. To protect the investments of A.T. & T. is one of the reasons why FCC Commissioner Craven wants to give away publicly financed technology to the so-called international common carriers. Commissioner Craven fears, and I have already quoted him, that the existing means of communications will not be able to survive economically in competition with this great new technology.

The General Telephone & Electronics Co. explains how present investment can be protected if the common carriers get control of the satellite system:

> The average cost of the satellite communications system and other existing international communications system can be used in establishing rates for all international service, and revenues from the services utilizing all systems can be pooled and divided on the basis of investment and costs. The owners of the cable facilities would be fully protected by this procedure which is used every day in the common carrier communications industry.

A very interesting point of view was presented to our subcommittee by the vice president of I.T. & T. He believed that it is the duty of the U.S. Government to protect the common carriers against any technological and scientific developments which might jeopardize their investments.

The process of growth consists of the rise of new industries, new products, new technologies, new techniques of production, new employment opportunities. This process is also accompanied by the decline of other industries and products and the abandonment of those technologies which have become obsolete. Some elements of our society are hurt, but the net benefits to our society are incalculable.

The industrial revolution in England during the 19th century was necessarily accompanied by the decline of the cottage industries. Can anyone deny that our lives have been made easier, more comfortable, as a result of the industrial revolution?

To try to preserve old techniques of production, to try to protect existing investments against the onslaught of new scientific and technological advances, must slow down our economic growth. The consequences could be disastrous.

Rapid economic growth is essential not only to provide new opportunities for our expanding population and labor force, but also to preserve our very national existence.

The inevitable conflict of interest between competing technologies has been recognized by the Congress, which has also traditionally limited common ownership of competing modes of transportation. For example, the Panama Canal Act of 1912, which is part of the Interstate Commerce Act, prohibited ownership, control, lease, or any interest whatsoever by a railroad in a common carrier by water with which the railroad does or may compete for traffic.

The committee report on the Panama Canal Act stated that—

> The apprehension of railroad-owned vessels driving competition from the canal may or may not be exaggerated, but it is certain that the evil, which is only anticipated there, already exists in the coastwise trade—as well as on our lakes and rivers.

A Commerce Committee report issued in 1961 stated that—

> The Motor Carrier Act of 1935 and the Transportation Act of 1940 were interpreted by the ICC, with the express approval of the Supreme Court of the United States, as giving the Commission the authority to limit to a very large extent rail ownership of motor trucking.

The Civil Aviation Board, which adopted the same interpretation as the Interstate Commerce Commission, reached the following conclusion:

> For the Board would not be justified in closing its eyes to the potential threat which the entry of surface carriers into this field would in many cases offer to independent air carriers or the effect which such participation might have upon the fulfillment of the policies of the act. Surface carriers engaging in air transportation would at times be under a strong incentive to act for the protection of their investment in surface transportation interest. Again, by reason of their superior resources and extensive facilities for solicitation, such carriers would often be the possessors of powerful competitive weapons which would enable them to crush the competition of independent air carriers.

Many more examples can be supplied which make similar prohibitions. The Interstate Commerce Act, in particular, has numerous cautions and prohibitions against joint ownings which would tend to lessen competition in the transportation field.

Now, Mr. President, the communications firms are trying to create the impression that communication by satellite is merely a supplement to communication by undersea cables or landlines. They like to refer to the satellite as a "cable in the sky." This, of course, is nonsense.

Satellite technology can be expected to provide long distance communications links—especially transoceanic links—at substantially lower cost than conventional devices. How will these savings in the supplier's costs be passed on to the consumer of communications services? Let us analyze the relationship between telephone costs and rates under Government regulation for possible clues.

The use of communications satellites holds promise as a means of reducing transoceanic voice channel costs below those existing today, but it is not clear that such cost reductions will bring about commensurate telephone toll rate reductions, or that toll reductions will be unambiguously identifiable with the benefits stemming from satellite technology. Because the telephone industry operates both domestically and abroad as a Government-regulated or owned monopoly, it is not subject to competitive pressures that would ordinarily ensure a close relationship between toll rate and cost. Under present-day domestic regulatory policies and practices, only a tenuous relationship exists between rates charged for particular services, and costs incurred in performing those services. The Federal Communications Commission, primarily concerned with the rate of return on all interstate telephone operations taken together—both domestic and overseas message toll, private wire, teletypewriter, and television and radio program transmission—has devoted relatively little attention to revenue-cost relationships for individual services. In the past, the FCC exerted little effective control over message toll rates between U.S. and oversea points.

As might be expected, given the manner in which the telephone industry has been regulated, there are large variations between rates and costs for individual services. For example, long-haul interstate message toll service appears overpriced relative to short-haul service, and overseas rates between the United States and Europe appear to be substantially higher than the costs incurred in performing these services.

In view of this evidence, it appears uncertain what will be the effect on rates of the satellite-induced cost reduction. Toll rates may be reduced for services whose costs are reduced, but perhaps only after a time lag of years. Rates may be reduced for services whose costs are not affected at all by satellite communication. And a portion of the cost reduction may be absorbed simply by an increase in profits.

A general outcome of this nature would be undesirable in that it would

probably contribute to a misallocation of economic resources and would, by concealing the tangible benefits accruing from satellite technology, cloud the favorable public image of the United States that we hope to achieve by Federal support of the satellite development program.

The successful development of commercial satellite communications systems should lead to reduced costs per voice channel for transoceanic communications between major centers around the world. What effect will these possible reductions in cost have on the rates charged to users of communications services? Selecting the telephone industry as an illustration, let us consider the question: If a telephone company is able to reduce its long-distance transmission costs by using a satellite relay system, how will it pass on these savings to users of telephone services? Will it, for example, reduce rates only for those services whose costs are reduced by employment of the satellite system, or will it establish across-the-board rate reductions for both local and long-distance services? Will the firm reduce rates in such a manner that in the aggregate they are commensurate with reductions in cost, or will it pass on only a portion of the cost savings, keeping the remainder for itself? Will rate reductions take place quickly after establishment of satellite services, or will they take place only after a lag of years?

These questions are posed because, given the market structure of the telephone industry, there is no indication that rate reductions will be commensurate with cost reductions, either for particular services or in the aggregate, or that rates will respond quickly to cost changes.

This means that the public, which paid for the development of a satellite communication system, will not receive the full benefits which the system will offer and which the public deserves.

Both in the United States and abroad, telephone companies operate as publicly regulated or publicly owned monopolies in supplying most telephone services. Were rates determined by free market competitive forces, we would expect them to be highly responsive to changes in cost. If free entry were permitted for firms supplying message toll telephone service, say between New York and London, provision of satellite relays between these two points would bring in new entrants who would drive toll rates down to reflect the lower costs made possible by the new technique. Since, however, such competitive pressures do not exist in the telephone industry, pricing policy can be established by the monopoly firm, as tempered in one way or another by public regulatory authority. The rates so established may or may not bear a close relationship to underlying costs. The impact of satellite service on rates will, therefore, depend in part on the nature of ratemaking under public regulation.

The manner in which satellite services affect the rates charged to users is important for both economic and political reasons. Considering efficiency in the allocation of economic resources, it makes a difference whether the firm is able to raise prices above the competitive level by restricting output in order to increase profit, or whether it is forced to set a lower price and expand output at the expense of monopoly profit.

In the political sphere, Federal support of research and development for communications satellites is predicated, in part, on the expectation that our success will contribute to a favorable public image of the United States as the world leader in the exploitation of space technology for peaceful purposes.

President Kennedy recently stated:

> Science and technology have progressed to such a degree that communication through the use of space satellites has become possible.
>
> Through this country's leadership this competence should be developed for global benefit at the earliest practicable time.

In the same statement the President emphasized that one of the objectives of the satellite program is "development of an economical system, the benefits of which will be reflected in oversea communications rates." I might add that a synchronous system can be used for domestic service and the difference in the costs of such service should be reflected in rates, also.

However, the extent to which this is achieved depends, among other things, upon the manner in which the cost-saving benefits of satellite technology are distributed to users of communication services both here and abroad. A favorable impression can be expected if rates respond quickly and fully to reductions in cost and are clearly identified by the consumer as flowing from U.S. technological leadership. The impression will not be as favorable if the rates respond slowly and in a way that conceals or obscures the relationship between the benefits to the consumer and the achievements of U.S. technology. It should be borne in mind that there will probably be no significant difference between the quality of service afforded by satellite relays and that afforded by conventional submarine cables. Benefits to the consumer will appear mainly in the form of reduced rates for existing services. New services such as transoceanic television transmissions will themselves depend directly on a reduction in voice channel charges.

An important question now comes to mind: Given the continuation of present-day regulatory policies and practices, and in the light of our historical experience with them, how is the commercial introduction of satellite communications likely to affect domestic and oversea message toll telephone rates?

To answer this question requires an examination of the Federal Communications Commission and the Bell Telephone System. We should try to find out first, the criteria the FCC has employed in judging the reasonableness of rates and of proposed changes in rates; and second, the kinds of cost and revenue data it has considered relevant in making decisions and judgments; and third, the interaction of FCC regulation and Bell's pursuit of its own self-interest.

In addition, we should also try to establish the degree of responsiveness of changes in rates to changes in costs.

On the basis of this historical record of regulatory policies and practices, we shall be able to ascertain the effects on rates likely to take place with the introduction of satellite communications.

THE ORGANIZATIONAL STRUCTURE OF THE U.S. TELEPHONE INDUSTRY

As groundwork for discussing the nature of regulation, let us consider the organizational structure of the U.S. telephone industry, particularly as it relates to the provision of long-distance toll service. The dominant corporate entity in the telephone industry is the American Telephone & Telegraph Co. This corporation serves essentially as a holding company for the 19 subsidiary telephone operating companies. In addition, it holds stock in, and has licensing agreements with, several other telephone companies. A.T. & T. holds virtually all the stock of Western Electric, the exclusive supplier of telephone equipment to A.T. & T. and its associated companies; A.T. & T. and Western Electric jointly own Bell Laboratories. This entire complex is known as the Bell Telephone System.

A.T. & T. itself is divided into two departments: the general department and long lines. The general department provides general administrative functions for the associated companies including financial advice and assistance, services involved in obtaining patents and protecting the license companies against infringement claims, and the dissemination of Bell Laboratories' research and development work. For these services A.T. & T. charges the operating companies 1 percent of their total exchange and toll revenues plus interest on cash advances.

The long lines department provides landline and transoceanic facilities connecting the associated companies into a worldwide system of long-distance service. The associated companies themselves supply line facilities for all Bell intrastate toll traffic and for most interstate traffic involving a distance of under 40 miles. Long lines confines itself to participation in interstate traffic in excess of 40 miles.

The Bell System operates about 98 percent of all facilities employed in providing long-distance message toll telephone service in the United States; the associated companies themselves own approximately 85 percent of all facilities used in supplying local telephone service. In addition to message telephone service, the Bell System owns and operates substantially all wire facilities used in radio and television broadcasting; supplies facilities for a large part of press news and telephotograph service; and operates a nationwide teletypewriter service.

The remaining local exchange telephone business is in the hands of about 3,500 independent telephone companies, most of which are very small.

Measured in terms of revenue, the business of the independents amounts to about 10 percent of the total telephone service in the United States. Long-dis-

tance service between these independent connecting companies and the rest of the country is supplied by A.T. & T. long lines and Bell associated companies. Independent companies themselves own few toll line facilities. The revenue from toll messages placed through these connecting carriers is ordinarily turned over to Bell, and the independent carriers are subsequently reimbursed for the local service portion of the messages they have provided.

THE LEVEL AND STRUCTURE OF INTERSTATE MESSAGE TOLL RATES

The nature of present-day interstate toll rates within the United States—excluding Alaska and Hawaii—is relatively easy to describe. The station-to-station rate for a 3-minute initial period is the basic rate against which premiums and discounts are figured to derive person-to-person rates and offpeak service rates. While station rates through the years have remained essentially constant for distances under 60 miles, they have dropped markedly over the longer distances. At 3,000 miles, the rate in 1961 was $2.25, as compared to almost $19 in 1919. Furthermore, the rate mileage steps at longer distances have lengthened through time. While in 1937 the rate increased by a fixed absolute amount for each 100-mile increment in distances above 1,100 miles, the steps were lengthened in 1940, so that, at one extreme, all distances between 2,300 and 3,000 miles take the same rate.

The person-to-person rate is derived by adding about 40–50 percent to the station day rate. The person and station night and Sunday rates are determined by subtracting about 15–20 percent from the respective day rate. Off-peak overtime rates are charged on a per minute basis at about 25–30 percent of the corresponding 3-minute day or offpeak rate.

This structure provides uniformity in interstate rates throughout the country, in the sense that rates, being a function solely of distance, are established without regard either to the particular regions of the country in which the originating and terminating points are located or to the particular routing that the message might take. This has not always been the case. Prior to the mid-1940's there were variations in interstate rates, depending upon the particular territory in which the Bell subsidiaries operated. For example, a 400-mile interstate rate within the territory of Pacific Telephone might then have been different from that for a 400-mile interstate call within the territory of Southern Bell.

REGULATION OF INTERSTATE MESSAGE TOLL RATES

Telephone service, like gas and water service, has generally been regarded throughout its history as a natural monopoly in the sense that the attempt of separate companies to compete in selling to a single buyer would lead to a duplication of facilities grossly inefficient in the use of resources. The unfortunate historical experience of allowing parallel gas, water, and telephone lines to go into the same residential and business blocks is referred to repeatedly in the literature on regulation. There is today no competition as ordinarily conceived in the message telephone business. While there are many firms in the telephone industry, each has its own exclusive local marketing area. It is true that in the early history of the telephone a few attempts were made to compete in common markets, but by merger, bankruptcy, or Government intervention, these markets inevitably fell into the hands of one firm.

In the absence of the competitive pressure that ordinarily prevails when a large number of firms serve the same market, public recognition was early accorded to the need for external regulation of telephone rates and quality of service. In 1910, under the Mann-Elkins Act, the Interstate Commerce Commission was vested with certain interstate toll regulatory authority. In 1934 this authority was expanded and transferred to the Federal Communications Commission.

The FCC views its responsibility for regulating interstate rates largely as a matter of maintaining rates at a level that provides a "reasonable"—and I put this word in quotes—rate of return on investment employed in interstate and foreign service. The objective, in general terms, is to require the regulated firm to adjust rates in a manner such that its net interstate and foreign revenue—after deduction of operating expenses, depreciation, taxes, and so forth—is just sufficient to cover capital costs of the net plant investment devoted to these operations.

The separation of telephone operations into interstate and intrastate categories for regulatory purposes is complicated by the common cost nature of the facilities used in the telephone industry. For example, the local exchange plant and the telephone instrument itself are employed in supplying local exchange, intrastate toll, and interstate toll services. While toll-line facilities themselves are not used for local service, they are used for both intrastate and interstate service; and, to draw a finer distinction, they are used for messages involving both 100-mile distances, and 3,000-mile distances. Moreover, these facilities are used not only for telephone message service but also for private line service, teletypewriter exchange—TWX—and commercial television and radio program transmission.

For the separation of interstate property costs, revenues, expenses, taxes, and reserves from overall operating data, the FCC relies on separations procedures worked out in 1947—and periodically revised—by a joint committee of the FCC and the National Association of Railroad and Utility Commissioners. The separations into interstate and intrastate categories are used by both the FCC in observing the level of earnings in interstate traffic and by the Bell operating companies in dividing up their respective shares of profits from interstate service.

All revenues collected by Bell associated companies and independent connecting companies from interstate message toll, TWX, private line and program transmission services are pooled on a monthly basis. A.T. & T. long lines and each Bell associated company break out its interstate expenses—operating, depreciation, commissions paid to independent connecting companies, and so forth—and plant investment that, according to the FCC–NARUC separations procedures are attributable to interstate service. After expense items are subtracted from the pool or revenues, the remaining net revenue is returned to A.T. & T. long lines and the associate companies on the following basis: On the net investment it contributes to the pool, each Bell participant gets back a rate of return that is equal to the rate of return that the total net revenue in the pool bears to the total net investment; in other words, each subsidiary enjoys a rate of return on its interstate investment that is equal to the Bell's overall rate of return on Bell's interstate investment.

With some revisions, these figures are used by the FCC to determine the profitability of interstate operations. The revisions arise because of a difference in viewpoint between the FCC and Bell about the measurement of net investment. Bell contends that for purposes of rate regulation a "total net investment" base should be used, while the FCC employs a "net book cost" base in its rate of return computations. The net book cost base includes only net book cost of completed plant. The total net investment base includes, in addition to completed plant, supplies, and materials, cash working capital, plant under construction, investment in affiliated companies, and, under revenue, a capitalized interest charge on these items. The practical effect between the FCC and Bell approach is that the FCC rate of return computation runs to about one-half a percentage point higher than Bell's computation.

The manner in which the FCC uses these figures is best described by discussing the chronology of the events surrounding message toll increases granted by the FCC to Bell in 1953. In 1952–53 the rate of growth of telephone business declined, bringing about a reduction in Bell's rate of return. In August 1953, the Bell companies filed revised tariff schedules increasing interstate toll rates by about 8 percent, to become effective on October 1, 1953.

The revised rates were expected to increase revenues by about $63 million annually. For the year ending June 30, 1953, the system had enjoyed an interstate rate of return of 5.2 percent. However, certain changes in expenses had occurred during the year—higher wage levels and the increased connecting company shares in toll services, and so forth—which, if adjusted on a full-year basis, would have driven the rate of return down to about 4.8 percent. In other words, if the company were to face the same business conditions in 1953–54 that it had in 1952–53, the sole differences being due to the full annual effect of new commitments made during 1952–53, its interstate rate of return would have fallen from 5.2 to 4.8 percent. On the basis of this reasoning, the FCC concluded that without the message toll rate increase, Bell interstate profits would subsequently fall to about 4.8 percent, a rate judged to be unreasonably low.

The effect of the proposed October 1953 rate increase, in addition to the full-year effect of prior commitments, was expected to bring the rate of return up to about 6.5 percent.

The reaction of the FCC toward the anticipated 6.5 percent of return gives rise to several observations. The first concerns the nature of FCC decisions concerning telephone rates. These decisions, unlike those concerning domestic and oversea telegraph rates, have never been based on full evidence presented in a formal hearing. Throughout the FCC memorandum issued at the time Bell's revised tariffs were being appraised, references are made to the fact that there had never been a formal record of evidence sufficiently complete to provide the basis for an adequate determination of a fair rate of return.

In the words of the Commission's staff:

> In the absence of a formal hearing record upon which has been developed full information with respect to the various complex and controversial factors which enter into a determination of a fair rate of return for the interstate operations of the Bell System, it is neither feasible nor appropriate to attempt a definitive determination as to what is the proper level of interstate earnings for the Bell System.
>
> However, based upon the staff's routine studies of the Bell System's capital costs and revenue requirements, the staff believes that the above-indicated going level of interstate earnings of 4.5 to 4.8 percent reflects a deficiency in current earnings. In this regard, the staff is satisfied that the earnings indicated by these return ratios are not sufficient to meet the Bell System's minimum capital costs.

It is curious to note that while formal hearings and investigations are commonly undertaken in regulated industries—as, for example, in domestic and international telegraph—the FCC has never completed a formal rate hearing for telephone service rendered by the Bell System. Whatever disagreement between Bell and FCC has occurred in the past, a compromise has always been worked out that sidestepped formal proceedings.

A second observation is that the reasonableness of the rate of return depends upon the cost of capital for the system, and the cost of capital in turn depends upon—among many other things—the kinds of capital and their proper mixture. Specifically, equity capital is more expensive than debt capital, in that stockholders expect a larger rate of return than recipients of interest, if they are to be induced to face the relatively greater risk entailed in holding stock than in holding bonds. The Bell System has a capital structure heavily dependent on equities. About one-third of the structure is in bonds and two-thirds is in stock, in contrast to a split of about 50–50 typical for most large U.S. corporations. For Bell the cost of capital is, therefore, higher than would be the case if the structure contained a larger proportion of debt. In the words of the Commission's staff:

> For example, it may be argued that as much as 50 percent of Bell's total capital could be derived from debt financing without impairing the system's financial soundness and thereby reduce the amount of revenues required for servicing total capital of the Bell System. For example, if a debt ratio of 50 percent is used in computing the total cost of capital for the Bell System, with a 3-percent cost of debt capital and an 8-percent cost of equity capital, the overall cost would be about 5.5 percent (as compared to the present estimate of 6 percent) and in addition there would be a savings in income taxes entering into revenue requirements.

The question arises about the role of the regulatory agency in determining what kinds of structure should be used in appraising the cost of capital. The FCC has never dictated to A.T. & T. the proportion of equity debt that would be prudent. While A.T. & T. has found it advantageous to have a relatively high proportion of equity that contributes to stabilizing the return over time apportionable to stockholders, the question remains whether the cost of capital should be based merely on whatever the capital structure of the enterprise happens to be, or whether the responsibility of Government regulation extends beyond this to the consideration of what constitutes a prudent structure—a structure that could conceivably be at variance with one preferred by the firm.

A third observation is that, in evaluating the returns, it is important to keep in mind that they are taken from the operating results reported by the companies themselves. I quote again the words of the Commission's staff:

> It should be kept in mind that such figures are constructed from operating results data as reported to the Commission by the company. In other words, the operating expense items included by the Bell System and the base to which its earnings are related have not been subjected to any detailed examination by the Commission to determine the propriety of all amounts reported as plant investment and operating expenses. To the extent that any such amounts should be found to be improper for ratemaking purposes, the above return figures would be increased and thereby reduce the amount of revenue required to produce whatever return the Commission will decide is fair and reasonable. As the Commission knows, questions have been raised from time to time by its staff as well as by other telephone regulatory bodies concerning various matters which have an important bearing upon Bell System revenue requirements, but which have never been the subject of a formal determination by this Commission for ratemaking purposes.

To what extent does the regulatory agency have a responsibility to audit and to pass upon the propriety of individual operating items? It is my understanding that the FCC is primarily concerned that the Bell System should follow a uniform accounting system in which expense and investment items are placed in the proper accounts, but whether particular items should or should not be included at all is seldom questioned.

With respect to the specific conditions surrounding the proposed toll rate increase in 1953, the FCC concluded that the 6.5-percent return on capital was somewhat higher than Bell's cost of capital, judged even on the basis of Bell's equity-debt structure. The FCC was therefore faced with three alternatives: First, it could suspend the proposed increase for a period of 3 months, pending a decision after a hearing as to the lawfulness of the rates. The burden of proof in such a hearing would be on the carrier to demonstrate the justice and reasonableness of the revised toll rates; second, it could suspend the rates and designate the matter for a hearing and investigation, after which it could prescribe just and reasonable rates to be observed by the carrier in the future. Again the burden of proof would fall on the carrier; third, it could do nothing, thereby allowing the new rates to go into effect.

The FCC chose the last course; it did nothing. Although the usual procedure in other communications fields has been to suspend major rate changes and designate the matter for a hearing, the FCC decided against formal proceedings.

After the 1953 rate increase was granted, toll traffic volume continued to decline through the first quarter of 1954. With the toll rate increase, however, the interstate rate of return was held in the range of 6 to 6.5 percent; largely because of a substantial increase in traffic in the last quarter of 1954, the rate of return rose to 6.6 percent for the year. In 1955, traffic volume rose about 10 percent above that in 1954 and the rate of return for the year rose to 7.7 percent. The Commission's staff noted at the time that:

> It would appear, however, that at existing rate levels interstate services of the Bell System are producing earnings which are at the least liberally adequate to insure the financial integrity and safety of the capital invested in the plant devoted to the furnishing of these services. It is also pertinent that the indicated going rate of earnings of 7 to 7.5 percent represents a considerable improvement in the level of interstate earnings reported by the Bell System for most of the past several years, and may also be compared with the return of 6.5 percent which it was estimated would derive from the October 1, 1953, increase.

The rate of return continued to rise, reaching a peak of 8.5 percent in the first quarter of 1956. During this period there was discussion within the FCC about the possibility of seeking a toll rate reduction either by (a) informal negotiation with Bell in an effort to get agreement on a rate reduction, or (b) institution of a formal rate proceeding. At the same time, another factor complicated the picture. The criteria for allocating common costs between interstate and other services were reconsidered at the NARUC convention in October 1955, and it was decided that the separations manual I previously referred to should be revised in a way that would throw a larger proportion of total investment and expenses into the interstate accounts. This change in separations procedures under the so-called modified Phoenix plan, by shifting about $150 million of plant investment and $20 million of annual operating expenses from intrastate to interstate operations, was expected to reduce the rate of return in interstate service by about eight-tenths of a percentage point. This change went into effect July 1, 1956, at a time when the rate of return on interstate operations was running at about 8.4 percent. Under the new separations

procedures, the rate dropped to 7.3 percent in 1957 and 1958. During this whole period, then, from 1953 to 1957, there was no formal rate proceeding or informal negotiations with Bell about the possibilities of toll rate reductions. Rather, possibly as a substitute for a toll rate decrease, a change in the ground rules of separations brought about a reduction in the rate of return.

Finally, in 1959, with the continuation of Bell's interstate rate of return in excess of 7 percent, a message toll rate reduction amounting to $50 million was negotiated. Despite this reduction, however, the rate of return remained at 7.9 percent in 1959 and 7.8 percent in 1960.

One final observation is in order: The structure of toll rates as opposed to the overall level of rates is apparently subject to no FCC regulation. In the memorandums issued around the time of the October 1953 rate increase, there was little mention as to whether relative differences in rates reflect relative differences in cost in any meaningful way. While there was some discussion, with reference to cost of the appropriate proportion of the 3-minute initial period rate that should be charged for each minute of overtime and of the discount to be allowed for offpeak service, there was no discussion of, say, whether $3 messages entail, on the average, twice the cost of $1.50 messages.

REGULATION OF OVERSEA SERVICE RATES

A.T. & T. owns and controls all domestic facilities for oversea message toll telephone service. It has radiotelephone ground stations in New York, Oakland, and Miami from which circuits reach nearly every principal country in the world. In addition, it has one submarine cable to England and one to France from Nova Scotia, one to Havana and one to Puerto Rico from Florida, one to Hawaii from San Francisco, and one to Ketchikan from Seattle.

The structure of telephone rates between New York City and oversea points to which direct radiotelephone or cable service is provided by A.T. & T. is extremely interesting For virtually all distance intervals 2,500 to 11,000 miles, the 3-minute day person rate is uniform at $12. To a few areas of the world where service with the United States is provided by routings through third countries, notably to India and to some points in the Far East and Africa, the rate is $15. The rate falls to $9 for relatively close-in points in the West Indies; the few scattered points represent rates to Hawaii, $10.50; Western Alaska, $8.25; and Bermuda, $6. Unlike the case of domestic rates, night and Sunday discounts are not applicable to all points and, except for Hawaii, there is no reduction below the person rate for day station calls. These rates are established by A.T. & T. in direct negotiation with representatives of the individual foreign countries involved.

The rates negotiated by A.T. & T. are filed with the FCC but neither FCC nor any other Government agency participates directly in oversea toll rate determination. There has been literally no FCC regulation of oversea rates themselves in the sense of maintaining rates at an overall level that provides a reasonable rate of return on international business considered separately; since oversea service revenues and expenses have not been separated out from other Bell interstate business, a separate rate of return cannot be computed. Mixed together are the investment, revenue, and expense items that pertain indistinguishably to international message toll business as well as to domestic interstate message toll business and TWX, private line, and program broadcasting service discussed earlier. According to a Rand study it appears that neither A.T. & T. nor the FCC knows what the current rate of return is on international business or to what extent, therefore, the rate levels and structures reflect the costs of performing the services in question.

REGULATION OF INTRASTATE TOLL AND LOCAL EXCHANGE RATES

State utility commissions, having been given authority to recognize the rate for intrastate toll and local exchange service, generally follow the FCC and adopt the "reasonable" rate of return as the proper criterion for rate control. For our purposes, the most striking feature of State regulation is that, in making decisions in rate cases, only California and Wisconsin routinely require operating data to be separated so that intrastate toll and local exchange operations can be distinguished from each other. Typically a Bell-associated company will present proposed tariff changes to the State commission and the commission will pass judgment not only on the basis of whether rate of return is reasonable on the particular services which are affected by the tariff changes but on whether, given the rate adjustments, the rate of return on total intrastate business would be reasonable.

The intrastate toll structures resemble the interstate structure in that rates are a step function of distance, they are uniform throughout the State, and premiums and discounts are figured on the basis of the station day rate to derive the person day and offpeak rates and the station offpeak rate. A notable dissimilarity to interstate rates is that in nearly all cases intrastate rates are higher than interstate rates for considerable distances.

RATE-COST RELATIONSHIPS IN THE TELEPHONE INDUSTRY

To predict the impact of satellite technology on toll rates, it is essential to examine present-day relationships between rates and costs. Whether satellite induced cost reductions will be reflected in reduced rates can be inferred, in part, from analysis of the extent to which present-day rates respond to changes in these costs. Here we are thinking of cost in terms of conventional "average" or "unit" cost—the total cost incurred in supplying the telephone service in question—including cost of capital and the allocation of common costs—divided by the number of units of service sold. The more closely do present-day rates correspond to these average costs and the more rapidly do they respond to changes in these costs, the more likely will a reduction in average cost, due to employment of satellite relays, be reflected in commensurate reductions in rates. On the other hand, if rates for various services do not reflect the costs incurred in these services, or if we observe changes in cost while rates remain constant or respond only with a lag, we can infer that the effect of satellite-induced cost reductions on rates will be ambiguous.

Let us examine the rate of return of various services as a measure of the extent to which the prices of services reflect costs. The greater the rate of return for a particular service, the higher is the unit price relative to average cost, that is, the greater is the ratio of a given telephone rate to the cost of the service charged for. We are concerned with the rate of return on interstate business considered as a whole, to support judgments about the level of interstate rates relative to the total cost of interstate operations.

We are also concerned with the rate of return of various more narrowly defined services, to support judgments about the structure of rates and of costs. Three questions will serve as focal points:

First. What is the rationale for employment of the criterion of "reasonable rate of return" in controlling the level of rates charged for telephone services?

Second. What are the major conceptual difficulties faced by regulatory bodies in maintaining telephone revenue at a level that bears a close relationship to total cost? In view of these difficulties, how effective has been FCC regulation of Bell's rate of return on interstate business?

Third. To what extent do differences in rates charged for particular services reflect differences in the costs of performing those services, and how is this relationship affected by regulatory control interacting with the firm's pursuit of its own self-interest?

THE RATIONALE OF REGULATING THE RATE OF RETURN

Regulation by the FCC and State agencies of the telephone industry is based largely on the notion that telephone companies, protected from the competitive pressures present in most U.S. industries, could raise telephone rates and could enjoy excessive profits if they were not subject to outside control. As an ethical judgment, it is argued by some persons that it is not in the public interest for the firm to reap large profits simply because it has a monopoly position. These profits, being in excess of the firm's costs, constitute a reward, so it is argued, that is over and above the return required to give the firm incentive to provide the services in question.

The reasonable rate of return criterion is, therefore, used as a tool to reduce or eliminate such "excess" profits: after deduction of all proper expenses from gross revenues, the firm is to be left with a net revenue just sufficient to cover its cost of capital, that is, the return required to provide sufficient incentives to investors to supply capital to the firm.

OVERALL INTERSTATE RATE-COST RELATIONSHIPS

How effective has the FCC been, in fact, in maintaining interstate telephone rates at a level that generates a total

revenue just equal to total cost of interstate operations? In other words, to what extent has regulation eliminated "excess" profits in interstate telephone business? Unfortunately, no definitive answer is possible. This is due not only to the fact that the separation of costs into intrastate and interstate accounts is subject to controversy, but also to the fact that, in general, objective standards are lacking by which the "true" costs incurred in the telephone industry—and in many other regulated industries—can be determined. The very fact that the industry is regulated implies that it is not subject to the free-market competition that ordinarily provides guidelines by which the performance of an industry can be evaluated. The conceptual problems of regulatory control, arising out of the absence of a competitive norm for appraising market behavior, are the subject of a voluminous literature. Nevertheless, I would like to mention a few of the basic problems:

First. The difficulty of determining what rate of return is reasonable. Should rate of return be computed on the basis of equity or of debt capitalization or of what mixture of the two? Given the differential risks of various enterprises, general economic conditions, rates of return allowed other utilities, competition in the money market from other industries, and future requirements for additional capital, what rates of return are sufficient to induce replenishment and expansion of a firm's capital, while not being excessive? What return is required, over and above costs in the strict accounting sense, to give the firm incentive to engage in cost reducing innovation? If the firm were always forced down to a return covering only its costs it would have no incentive to explore and employ new cost-saving technology, since it would not be able to capture for itself any increase in profit in so doing. While the costs of the firm could well be interpreted as including a share of additional profit as a reward for innovation, the question as to how much reward is required on incentive grounds admits of no clear-cut answer.

Second. The difficulty of determining the base on which rate of return is to be computed. Should the base be the value of whatever plant investment the firm shows on its balance sheet, or the value of "prudent" investment, or the value of "used and useful" investment? If the base is the value of plant investment, the firm has available a possible loophole in that it can capitalize monopoly profits by inflating its rate base. If the base is the value of "prudent" investment, or the value of "used and useful" investment, the problem arises of determining what is in fact prudent or used and useful investment. And, to open another Pandora's box, should this base be valued in terms of original cost or reproduction cost? The literature on the subject of original versus reproduction costs, together with the records of rate cases fought on this issue, would fill a considerable number of books.

Third. The difficulty of determining what expenses are proper subtractions from gross revenues to derive net revenue used in rate-of-return computations. If the regulatory commission allows whatever expenses the company claims, the company can simply spend its monopoly profits by inflating its expense accounts, as by spending a good deal on advertising, public relations, basic and applied research, as well as granting handsome salaries and nonpecuniary benefits to executives.

An important question is whether the criterion of reasonable rate of return is really meaningful when the regulatory commission assumes little control over investment and expense items that go into the computation of rate of return.

Subsequent to the 1953 rate increase, when Bell's profits were running in excess of 7 percent, the FCC was handicapped in taking action because of the lack of a formal proceeding that would provide appropriate guidelines for Bell's pricing policies:

> The Commission has never made a formal determination defining what is a fair rate of return for interstate service or the basis upon which such return should be computed. Nor has the Commission ever formally determined various other questions which are involved in evaluating interstate revenue requirements for ratemaking purposes. Accordingly, the staff is not in a position to state definitively whether the present indicated level of earnings warrants concern by the Commission as to the justness and reasonableness of existing rates.

A further impediment arises from the fact that in toll-rate negotiations an upper and lower limit of reasonableness exists between which the parties negotiate. If Bell proposes a rate increase, it has in a sense the "burden of proof" in justifying the reasonableness of the proposed increase, that is, the benefit of the doubt is enjoyed by the FCC. If, on the other hand, the FCC negotiates with Bell for a reduction in rates, then A.T. & T. gets the benefit of the doubt. At first glance this procedure would seem fair insofar as it generally gives the benefit of the doubt to the party that does not initiate the negotiations. At the same time, in considering an industry in which technological change has been as rapid as it has been in the telephone industry, one wonders whether this procedure does not introduce a bias resulting in a lag between unit cost reductions and rate reductions. Since the trend of unit costs in the telephone industry for message toll service has been downward, the benefit of doubt in rate negotiations has generally gone to A.T. & T.—a factor which compounds the FCC's task in successfully negotiating rate reductions. The explanation for the comparatively small toll rate reduction negotiated in 1959 may well lie in the fact that the burden of demonstrating the reasonableness of the reductions fell upon the shoulders of the FCC. One can well ask why, fundamentally, it should be the responsibility of the regulator agency to show that a given toll-rate reduction is reasonable rather than that it should be the responsibility of the company to show that the rate reduction is not reasonable.

These factors are at least partially responsible for the fact that a substantial lag occurred in the 1950's between the time of Bell's apparent reduction in cost per unit of service rendered, as measured by the rise in Bell's rate of return, and the time when telephone toll rates were reduced. It should be noted that soon after the rate increase in 1953, the rate of return rose above the predicted 6.5 percent—and even 6.5 percent had been considered by the FCC to be more than Bell's cost of capital—and remained at higher levels for the remainder of the decade. Yet it was not until 6 years after the 1953 increase that the FCC negotiated a rate reduction with Bell, and even the 1959 reduction has not pushed the rate of return below 7 percent. It is true that interstate toll rates have fallen very substantially during the whole course of Bell's history, but the crucial question is, How closely correlated with cost reductions were these toll rate reductions? On the basis of the regulatory record during 1953–59, it appears that FCC practices have resulted in a substantial lag in the adjustment of rates to changes in cost.

THE STRUCTURE OF RATES AND COSTS

In addition to the relationship between overall rate levels and total cost of interstate operations, measured by the overall rate of return of interstate telephone operations, we must also examine the relationships between rate structure and cost structure. To what extent do differences in rates for various services reflect differences in costs of performing these services? I have already stated that the FCC has been primarily emphasizing the criterion of reasonable rate of return on overall interstate operations, and it has not paid a great deal of attention to relationships between rate structure and cost structure. In the absence of regulatory control over those relationships we might expect cost per unit to constitute a widely varying percentage of the price charged for the various telephone services offered. The regulated firm would still be free to charge relatively high monopoly rates for some services and "use" its monopoly profits to support other services whose revenues do not fully cover their own costs. By "spreading" out its monopoly profit over a wide range of services in this manner, it might still show an overall "reasonable" rate of return on all services taken together. In so doing, however, the rate it sets for any particular service might be either higher or lower than the unit cost it incurs in providing that service.

If message toll service, TV and radio program transmission, private wire service, and TWX service were each costed separately, the total revenues from each service might not equal the total cost of the service—including the cost of capital and allocation of common cost as computed by the FCC—even if the firm offering all these services were to show overall equality between total cost and total revenue for all services taken together. On the basis of evidence from special cost studies, the staff of the FCC has summarized Bell's situation:

> In the absence of special studies to segregate the cost applicable to each service, it is not possible to estimate with any degree of accuracy the level of earnings from each service or to determine whether the partic-

ular service is earning more or less than a fair return. It will be recalled that in 1953 such studies were made for the Bell System's TWX and private line telegraph services and culminated in rate adjustments, effective July 1, 1953, for these services. More recently, cost studies have been made with respect to the television transmission services of the Bell System. It would appear from the studies that at existing rates the services are not fully compensatory, and that Bell is earning only a nominal return if any at all from them. Thus, on the basis of the results indicated by the cost studies, it appears that other interstate operations of the Bell System, principally message toll telephone services, are subsidizing the users of the intercity television transmission services, to the extent that the latter services are producing less than a fair return on the net investment allocated to those services.

Consider now two other kinds of service, again broadly defined—interstate message toll telephone service and intrastate telephone service. Here too there is evidence that ratios of total revenue to total cost in each of the two services are not the same. For one thing, the rate of return on interstate service, at least in certain years for which we have data, is higher than that on intrastate service. And, the payments that Bell makes to independent connecting carriers for their local costs of performing toll services appear to be higher than the cost they incur in performing these services, which suggests that in a sense toll service subsidizes local service.

It is interesting to break down Bell's intrastate and interstate operations for selected years from 1949 to 1960. In each of the first 3 years interstate operations earned about 1.7 percentage points more than intrastate operations, and raised the Bell overall rate of return by about 0.3 of a percentage point. Partly because of the adoption in mid-1956 of the modified Phoenix plan, under which there was a substantial increase in the proportion of investment and expenses allocated to the interstate accounts, the gap between intrastate and interstate rate of return has fallen in recent years to about 0.8 of a percentage point.

That interstate revenues partially support intrastate services is suggested by the amounts paid by Bell to independent connecting carriers providing local service portions of toll operations. When a toll call is originated in the local exchange of an independent carrier, the carrier collects the toll revenue and turns it over to Bell. Periodically the carrier receives a reimbursement based on a schedule negotiated between the carrier and Bell. While these agreements vary, over one-half of the independent carriers are covered by a uniform settlement arrangement promulgated by the Independent Telephone Association. Without going into a detailed discussion of the reasons, the evidence shows that short-haul calls do not cover their total cost while long-haul calls generate revenues in excess of their total cost. The evidence most directly supporting this statement is drawn from the Bell System study of six areas of less-than-40-mile interstate toll traffic for the 9 months ending January 31, 1946. Data from these studies show that substantial losses were suffered in this short-haul traffic in all six areas. Since Bell was earning no less than a reasonable rate of return on interstate business as a whole in 1946, it follows that long-haul business was earning more than a reasonable rate of return in order to compensate for the losses in short-haul traffic.

Additional evidence, drawn from a study made by the Mountain States Telephone Co. for very short-haul traffic—5 cents initial-period rate—reveals that large losses were reported in all areas studied.

The principal physical difference between the interstate service upon which it gets a presumed reasonable rate of return and its intrastate service is that intrastate service involves on the average a much shorter haul; that is, the average intrastate call involves a shorter distance than does the average interstate call. In one sample made in the late 1940's, the average interstate call involved the distance of 204 miles while for 18 States the average length of intrastate calls ranged from 9 to 54 miles.

State regulatory commissions—with the exception of those in California and Wisconsin—do not normally require in rate hearings a separation between local exchange and intrastate toll investment and expenses. Nevertheless, several special studies were undertaken in the late 1940's in which separations were made between local service and intrastate toll. The results of these studies disclose that the companies operated their intrastate toll business at a negative rate of return of −0.62 percent while interstate toll generated a positive 5.27 percent and the local exchange a positive 3.33 percent. These data, broken down for individual States show a positive relationship between the average distance of call in each State and the profitability of intrastate toll business. While as a group they received little if any positive return from intrastate tolls, the ones that individually receive positive returns generally have relatively long intrastate toll hauls; the ones that suffer large losses have relatively short hauls, resulting from the positive character of the relationship between net revenue and distance.

Moreover, not only did intrastate toll business apparently earn less than a reasonable rate of return in the late 1940's, at least as shown by this sample of 18 States, but at the same time intrastate rates were generally higher than interstate rates for comparable distances. In most States the station-to-station day rate runs 15 to 30 percent more than the interstate rate for comparable distance while their person-to-person rates run from 30 to 80 percent more. Only Pennsylvania and Delaware price their entire intrastate business on the basis of the interstate schedules.

In Alabama, for example, the person day rate for intrastate, 50-mile messages is 82 percent higher than that charged for interstate 50-mile messages. The person night rate is 73 percent higher. The ratios of 1.00 for Delaware and Pennsylvania indicate the adherence of these two States to the interstate schedules. While Pennsylvania is on the interstate schedules, neighboring Ohio with much the same population density, per capita income, and history of economic development, shows quite large disparities. Georgia and Florida show small disparities while Alabama and Louisiana show large ones. There are no striking differences between Eastern and Western States or between large ones—either in population or area— and small ones.

An investigation conducted in 1950 disclosed that for all rate classifications the intrastate rates were about 35 percent higher than interstate rates.

The fact that intrastate toll earnings are relatively low and at the same time intrastate rates are higher than interstate, suggests that the primarily short haul intrastate toll business is relatively unprofitable if charged at the interstate levels, which tend to underprice short haul interstate traffic. And even if premiums above interstate levels are charged, they are not sufficient to bring the intrastate rate of return up to that for interstate business.

Another reason why intrastate toll rates are relatively high is that State commissions allow relatively high intrastate toll rates in order to subsidize local exchange service. I understand that commissions are frequently more amenable to the idea of raising tolls than of raising the local exchange rates—that somehow raising additional revenues through tolls is more "politically palatable" than raising it through local exchange rates.

In conclusion, the evidence indicates that short haul interstate traffic does not cover its total cost and that long haul interstate traffic covers more than its total cost. Because intrastate toll business is predominantly short haul in character, it would not earn an adequate rate of return if priced on the interstate schedules. Even though intrastate toll business is priced above interstate rates, intrastate toll business may continue to show a lower rate of return than interstate. There is a correlation between intrastate profitability and length of haul.

While long-haul rates have dropped drastically, short-haul rates at 60 miles and below have hardly changed at all. The explanation for this paradox may lie in the fact that technological advancement in the industry has brought about reductions in long-haul costs—that is, by perfection of high-capacity coaxial and microwave systems—much more rapidly than they have brought about reductions in the local terminal costs.

OVERSEA MESSAGE TOLL RATES AND COSTS

Let us now examine costs and revenues in oversea traffic. Unfortunately, these are much less abundant than those available for domestic business.

Again we have to ask these questions:

First. Does the structure of oversea rates reflect accurately the differentials in cost incurred in performing the respective services?

Second. Are oversea rates set at a general level that bears a close relationship to overall costs incurred in oversea telephone business?

With respect to the first question, we mentioned before that the basic rate remains uniform at $12 for a wide range

of distances and routings of oversea calls. Yet it is inconceivable that cost remains constant for these various kinds of calls. For instance, the cost of the message from Los Angeles to Moscow is certainly greater than the cost of the message from New York to London although the toll rate is the same for both. Furthermore, in examining the division of revenue between countries, we find that the oversea link absorbs a widely varying revenue per message—depending on the location of the originating and terminating points—and this variation is not a function of cost of ocean link operations.

Without going into details, we find that the disparities between rates and costs are almost the same as for two domestic messages of identical distance but different routings. For example, the cost of a message from Los Angeles to New York is certainly far lower than for one from Tillamook, Oreg., to Bar Harbor, Maine, since the former could use directly Bell's transcontinental microwave system, while the latter must take a circuitous routing over relatively high cost line facilities. Yet the rate charged for the two calls is the same, because domestic toll rates, being a function only of airline distance, do not reflect the costs of particular routings. The oversea tariffs are similar in that they do not reflect costs of particular routings either—it is just that they go one step further and dispense with the relationship to distance as well.

Now let us turn to our second question, concerning the relationship between oversea rates and overall costs incurred in providing oversea service. For oversea operations, there are no FCC or company data on expenses or revenues, and we cannot, therefore, make an analysis comparable to that made for domestic services. The Federal Communications Commission has never had the data to regulate oversea phone service. However, let us try a very rough computation of profitability of United States-European telephone traffic on the basis of the little information available.

In 1958 A.T. & T.'s share of gross revenues from European service was approximately $10.1 million. For this service it employed ocean links consisting of radiotelephone facilities on the east coast and one transatlantic telephone cable—TAT–1—in which it holds 50 percent ownership. A.T. & T.'s share of the cable investment was about $23 million and its annual operating and maintenance expenses run to about $200,000. An annual revenue of $2.5 million would cover the cost of the cable and its annual expenses, assuming an 8 percent interest rate and a 20-year life.

While A.T. & T.'s costs for the transatlantic radiotelephone facilities are not available, we do have data about the west coast-Hawaiian radiotelephone service. In 1957 this service was estimated at $1.2 million in investment and $389,000 in annual operating expenses. Since the traffic volume between the United States and Europe is approximately three times the volume between the continental United States and Hawaii we shall assume that radiotelephone costs are also three times as great which would give us $3.6 million investment and $1.2 million annual operating expenses, a cost that would be covered—again assuming 20-year life and 8-percent interest rate—by an annual revenue of $1.6 million.

In addition to these ocean link costs we must also consider land line haul and terminal costs for oversea service. We shall presume that the average point of origin of messages was in zone 2 of the United States, and shall take the 75-cent figure as reflecting the line haul cost per 3 minutes of use. Presuming that A.T. & T.'s revenues of $10.1 million are one-half of the dollar equivalent total revenues for United States-European service—a proportion suggested by the revenue-sharing agreements—and dividing the $20.2 million estimate by the total of 772,000—inbound plus outbound—messages we derive an estimated revenue of $27 per call. This figure gives an average length of call of 7 minutes at the $12 basic rate or a total of 5.4 million messages minutes. Multiplying $0.75/3 by 5.4 million, we get a line haul estimate of $1.3 million. We estimate the local terminal costs by considering the payments that would be made to independent telephone companies for their local costs if their toll operations were confined exclusively to oversea service, that is, if their average revenue per message were $27. The total charge to the local terminal companies is approximately $2. Multiplying this figure by the 420,000 outbound messages gives a total of $840,000.

All these estimated costs together—$2.5 million cable, $1.6 million radiotelephone, $1.3 million line haul, and $0.8 million local terminal—total $6.3 million or only about 60 percent of A.T. & T.'s gross European oversea revenue of $10.1 million for the year 1958. Using the same techniques of estimation for 1959 data and adding to the oversea link the second transatlantic cable—TAT–2—completed in September 1959 we get a cost of about $7.6 million or, again, about 60 percent of A.T. & T.'s gross European oversea revenues of $12 million in 1959. In conclusion, even after we have taken into account a cost of capital of 8 percent of plant investment, total cost appears to be only about 60 percent of A.T. & T.'s revenue for oversea service for the two most recent years for which traffic data are available.

Of course, these estimates are very rough and can by no means be taken literally. At the same time the estimates of costs were deliberately made generous, and the estimates of line haul and terminal costs, a source of considerable uncertainty in these computations, could vary over a wide range without materially affecting the conclusion that revenues from transatlantic operations appear to be substantially higher than costs incurred in performing this service.

REGULATION OF TELEPHONE TOLL RATES AND EMPLOYMENT OF COMMUNICATIONS SATELLITES

What are the implications of all this for the use of communications satellites? In particular, given the continuation of current regulatory practices and policies, in what manner will introduction of communications satellites affect telephone rates? If telephone companies do achieve voice channel cost reductions by resort to satellite technology, they may reduce rates for the services affected, but not necessarily by the full amount of the cost savings, and they may reduce rates for other services not affected directly by satellite operations. Furthermore, because these reductions may take place over a period of years after satellites are introduced, the cause and effect relationship between cost reduction and rate reduction may be blurred. The longer is this timelag, the greater will be the extent to which the cost reductions made possible by satellite usage will be mixed in with cost reduction arising from technological progress in other areas of the industry, and the more difficult it will be to attribute any particular telephone rate reductions to communications satellites.

Consider a single hypothetical example: Suppose that a few years after satellite service is established between New York and London the basic toll rate drops from $12 to $9. The consumer will probably not be able to determine whether the rate reduction was due to first, lower cost per unit of service resulting from adoption of satellite communication techniques; second, delayed response to the reduction in unit cost resulting from the improved submarine cables laid before the satellite system was introduced; third, reduction in unit costs not connected directly with transatlantic telephone operations; fourth, agreements between A.T. & T. and foreign government establishing a new basic $9 rate which has little relationship to any immediate cost reduction.

In short, while consumers may in general benefit from the use of satellite services, the benefits may not be commensurate with cost reductions deriving from the satellite system; and the benefits are likely to be distributed in a manner that will cloud the cause-effect relationship.

There are several characteristics of the telephone industry I mentioned earlier that would lead us to this conclusion: First, the absence of FCC regulation with respect to the level and structure of oversea toll rates; second, the lack of attention devoted to the structure of domestic rates; third, the oversea and domestic rate structures that provide single rates for wide variations in distance and routing; fourth, the behavior of the firm itself in a manner that makes tenuous the relationship between rates and costs; fifth, and the empirical evidence that the differences between costs and rates vary from one type of service to another.

Given current regulatory policies, what can we expect will happen if the telephone industry is faced with voice channel cost reductions afforded by satellite communications?

THE EFFECT OF SATELLITE COMMUNICATIONS ON OVERSEA RATES

Under current regulatory policies and practices, the impact of voice channel cost reductions on service between United States and oversea point would,

taken by itself, probably be reflected in Bell's interstate operating accounts as an increase in net revenue over that which would have existed if the higher cost transmission techniques had been employed. If oversea rates were maintained at a constant level while satellite communication is substituted for construction of new submarine cable and radiotelephone facilities, oversea gross revenues would not change as a result of satellite employment while operating expenses (as a subtraction from gross revenues) would decline to the extent that satellite communication did lead to lower voice channel unit costs than for conventional transmission techniques.

The major problem, from the standpoint of FCC regulation, is that this change in Bell's revenues would probably not affect to a substantial degree Bell's overall rate of return on interstate—and international—business, to which the FCC pays primary attention, because the contribution of oversea revenues and expenses is a small part of the total. Even if Bell were to make substantial profits from satellite services, the effect on overall rate of return would probably not be sufficient by itself to trigger FCC regulations for toll rate reductions. Bell might, of course, voluntarily reduce oversea toll rates, as it has done in the past, but the point here is that there is little in the regulatory machinery that would require it.

To consider some figures, in 1960 oversea gross revenues amounted to only about 2 percent of total Bell interstate gross revenue. It is true that oversea telephone service is growing somewhat more rapidly than Bell's other interstate services—10 to 15 percent annually compared to about 10 percent for the rest—and that, therefore, the percentage of total revenue contributed by oversea service will rise through time if these rates of growth continue.

However, if both oversea and domestic interstate services continue to grow as they did between 1953 and 1960, by 1967 oversea service will still contribute only about 4 percent of the total interstate gross revenue. To understand better the significance of the oversea contribution, consider this hypothetical example. Assume that, first, oversea revenue is in fact 4 percent of the total in 1967; second, annual costs of the satellite system and all other costs incurred in oversea traffic amount to only 25 percent of total oversea revenue, and the other 75 percent represents profit; third, marginal State and Federal tax rates against Bell's net revenue are the same as they were in 1953; and fourth, the ratio of total net plant to total gross revenue in Bell's interstate accounts is equal to 2—roughly the ratio existing in the late 1950's. Under these assumptions oversea revenue would raise Bell's overall interstate rate of return by about eight-tenths of a percentage point.

But we already mentioned that Bell's rate of return fluctuated from 6.5 percent to about 8 percent between 1954 and 1958 without major toll rate changes being made—a fluctuation considerably larger than eight-tenths of a percentage point. It would appear, then, that under these assumptions a return of 75 percent on oversea revenue would not necessarily trigger negotiations by the FCC for toll rate reductions.

Of course we could make other sets of assumptions under which the effect of Bell's rate of return would vary. If by 1967 oversea revenues were to comprise 8 percent rather than 4 percent of total interstate revenues, other assumptions remaining the same, then overall rate of return would rise by about 1.4 percentage points; if the revenue contribution were 6 percent but oversea message costs comprised 50 percent rather than 25 percent of oversea revenue, then overall rate of return would rise by about 1 percentage point.

The salient feature of all of these examples is that profit on oversea service could be substantial, say 50 to 75 percent of oversea revenue, without causing Bell's overall interstate rate of return to vary by more than it has in the past during times when its toll rates remained constant. Because of the regulatory timelag, combined with the relatively small effect of oversea net revenue on Bell's overall interstate rate of return, it is possible that large profits could be earned on oversea business for a number of years without pressure being exerted for toll rate reductions. In addition, toll rate reductions may be delayed because of time required for traffic to reach sufficient volume to show a reduction in unit cost and because of allowances made for amortization of existing facilities rendered obsolete by the satellite system.

Furthermore, even if toll rate reductions are made, it is not necessarily true that oversea toll rates would be the ones reduced. To the extent that the firm desires to obtain rate structures that are politically "palatable" and to the extent that regulation is lacking in maintaining a close relationship between unit cost and rates for particular services, the "benefits" of satellite cost savings could be spread to other services—such as short haul interstate toll traffic—that are not themselves affected by satellite operation.

Regulation by the FCC of Bell's overall interstate rate of return would not prevent Bell from maximizing profit in the oversea sector. Bell's reaction to a rising overall rate of return due to highly profitable oversea operations may entail expansion into other less profitable markets as a method of reducing overall rate of return to the "allowable" rate of return level, in preference to the alternative of forgoing additional profit in oversea service by lowering toll rates for oversea service.

It should be noted that differences between oversea rates and average costs arising with satellite relays are not different in nature, after all, from the differences that already exist between first, short haul and long haul interstate message toll traffic; second, interstate and intrastate traffic; third, interstate message toll traffic and other kinds of interstate telephone business—that is, TV program transmission—and fourth, present oversea toll revenues and costs. Evidence that such disparities exist today simply strengthens the notion that disparities will exist in the era of communications satellites.

The conclusion we reach, then, is that the cost savings derivable from the new techniques would probably not be distributed in such a way as to achieve some of the political gains that might otherwise accrue to the United States. While the world may be duly impressed at the time we introduce satellite service on a commercial basis, continuation of the favorable image will depend on tangible benefits to the public here and abroad. Of course, by simply cutting costs, the satellite system will benefit someone—the stockholder who receives higher dividends because of higher monopoly profit, the taxpayer whose tax bill goes down because of larger taxes paid by telephone companies on their higher net revenue, and the telephone user to the extent that he pays lower telephone rates. But this may not be the most desirable distribution for exploiting the potential political advantages of a successful communications satellite system. A distribution more closely consistent with this objective would involve telephone rate reductions reflecting the full effect of satellite cost reductions and unambiguously displaying this cause-effect relationship.

At an appropriate time I expect to offer an amendment in the nature of a substitute which I believe would be the best approach to this whole problem. The amendment I have in mind would read as follows:

Strike out all after the enacting clause, and insert in lieu thereof the following: "That (a) the President is authorized and requested to transmit to the Congress at the earliest practicable time a proposed plan, consistent with the provisions of this Act, for the creation of a corporation to establish and operate, in cooperation with Government agencies, a commercial worldwide communications system using communications satellites in space and related terrestrial installations.

"(b) Such plan shall contain appropriate provisions to insure that—

"(1) the corporation so established shall be privately owned;

"(2) the stock thereof shall be issued in such manner as to encourage the widest distribution to the American public;

"(3) such satellite communications system would be competitive with, and not merely supplemental to, existing systems of terrestrial communications;

"(4) such system could not become subject to direct or indirect ownership or control by one or more existing communications common carriers;

"(5) adequate capitalization is provided for the establishment and operation of the communications satellite system until such time as its revenues will assure the profitable operation thereof without governmental assistance.

"(c) Such plan shall contain such other provisions as the President may deem appropriate to provide for the establishment, as expeditiously as practicable, of a commercial communications satellite system, as part of a global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding."

Mr. President, it seems to me that is the way we should be moving to get the best effect, in the public interest, from

a privately owned communications satellite system. The fact that the present plan before us started with the studies and recommendations of an ad hoc committee composed of the so-called communications common carriers seemed to me, from the very beginning, to invite the wrong answer to this problem.

I would be happy to support legislation that carried out the recommendation that the satellite system would not belong to the existing communications common carriers and that no one of them could gain control of it, either directly or indirectly.

By proceeding in this fashion, it seems to me a privately owned corporation could best serve the public interest, and, in my judgment, that is the approach that would best be used.

Mr. President, I ask that the amendment be received at the desk and printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

The following questions and responses occurred during the delivery of Mr. LONG's address;

Mr. KEFAUVER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Does not this bill completely reverse the historic policy of Congress, developed over the last 100 years, as a result of extensive debate and policy decisions by administrations and by Congress; namely, that in order to have the maximum development of a new mode of transportation, whether it be for the carrying of freight or for the carrying of passengers, or whatnot, the old form of transportation should not have control of the new, competing transportation facilities? Has not that always been the American system and policy, which would be reversed by this bill, at least unless the amendment of the distinguished Senator is adopted?

Mr. LONG of Louisiana. Yes, I believe that statement to be correct.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. The Senator has stated it is unprecedented. The Senator is familiar with the fact, is he not, that at the present time there is a cable that lies underneath the ocean from this country to England? In that particular case, the communications carrier does negotiate with the British Government in connection with that cable. It is doing it now. Many times it calls upon the State Department, as is provided in this bill, to assist them in those negotiations.

Furthermore, in this bill that procedure is even strengthened, to the effect that we recite specifically the traditional powers of the President to negotiate the foreign policy of our country, and that nothing in the bill shall interfere with it.

It is true that the original bill suggested the Secretary of State would do it. Then various amendments were made by committees of the Congress. Members of the State Department were called back. They found the provision that now appears—H.R. 11040—to be absolutely acceptable to them.

I thought the RECORD ought to show that we are presently allowing private companies—the A.T. & T., for example—to negotiate with the British representatives with regard to the cable that lies underneath the ocean, through which calls are made from this continent to the continent of Europe.

Mr. LONG of Louisiana. I shall be pleased to take a look at that matter. I will accept the Senator's word, but I would still question whether the initial agreement between this Nation and England was made by the American Telephone & Telegraph Co., speaking for this Nation, and speaking for the commercial interests of this country.

Mr. PASTORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. The Senator understands, of course, that in the present situation the U.S. Government has a complete monopoly on the rocketry and missile complex needed for any experiment in space communications. In other words, the A.T. & T. desire to carry out its experiment with its own satellite requires the use of Government launching facilities—I think A.T. & T. is the only company in the field, with the exception of possibly RCA, which could afford to conduct such an expensive experiment on its own with the hope that someday, if they could perfect a system, they would own it exclusively.

This is one of the problems which came before the committee and was considered. Unless we make this a corporate effort we will actually make it a monopoly effort, because there are, generally, one of two companies which could engage in such an experiment, which costs millions and millions of dollars.

The fact is that A.T. & T.'s desire to place a satellite in orbit, requires the cooperation of the Government because the Government is the only power in this country which can shoot a satellite into orbit. That is an exclusive field belonging strictly to the U.S. Government.

Even under the terms of the bill, if the arrangement is made with the private corporations, they must reimburse the Government for the expense which is incurred in shooting satellites into space.

The point I make this afternoon is that the A.T. & T. cannot conduct its experiment without the cooperation of the Government because it does not have authority to shoot a rocket or a satellite into space.

Let us assume for a moment—this is a matter which is being absolutely overlooked, and I do not think it should be overlooked—with respect to this rivalry as to who shall get its communications satellites into orbit first, that other nations such as Great Britain are working in this direction. Great Britain has the authority to set up its own "Cape Canaveral," as we have done. Let us assume that the British shoot up a communications satellite, which they could perfect and make commercially operable. There is nothing which would stop the English Government from leasing channels to the A.T. & T. The A.T. & T. could lease it, could pay rent for the use of that particular satellite, which would not belong to the United States of America and would not belong to any American company. It would belong to a foreign country.

There is not a single law under our free enterprise system which would forbid or prohibit A.T. & T. from connecting its facilities to the British communications satellite.

That is a point we have to bear in mind. That is the reason why, I think, the President is so anxious that we get moving on this job, because the big question is, Who will get there first?

If Russia should succeed in getting there first, it would attempt to preempt the channels. There are only so many channels which can be used. A serious question arises, "Will we be frozen out?"

The Senator says, "But we have spent $25 billion."

I have a letter which I think ought to go into the RECORD, with the permission of my good friend.

This letter comes from the National Aeronautics and Space Administration. It relates to the money which has been authorized for NASA.

In 1959 we authorized $126,087,000.
In 1960 we authorized $485,300,000.
In 1961 we authorized $970,000,000.
In 1962 we authorized $1,784,300,000.
The estimate for 1963 is $3,787,276,000.

Those are the amounts which have been authorized for the years I have stated. Next are the figures for the funds appropriated.

In 1959 we appropriated total NASA funds of $338,906,000. Of that amount funds for "Vehicle development and procurement" were $84,876,000. For "Communications, spacecraft and support"—this is the important thing—though we keep talking about billions of dollars, the amount was $3,204,000.

That is the money which was appropriated in 1959 for space communications.

In 1960 we appropriated $3,014,000.
In 1961 we appropriated $16,933,000.
In 1962 we appropriated $25,900,000.

For 1963 the estimated appropriation is $50,538,000.

Next we come to the obligations. That is the money that actually had been obligated of the total appropriated. The figures to follow relate to obligations:

There was obligated in 1959 $3,204,000.
In 1960, $3,014,000 was obligated.
In 1961, $13,620,000 was obligated.
In 1962, $5,718,000 was obligated.
That totals $25,556,000.

The point I wish to make is that Senators keep saying, "If we do not get private industry into this project, we will go full steam ahead." I regret to say—and I do not say this in criticism of anyone—that if the position of my good friend from Louisiana should prevail in this debate, and if, by decision of the Senate, there is not created a private corporation, I would prayerfully hope that we would become a little more spirited and a little more enthusiastic about appropriating money for this particular program, because the fact is that we have not been spending as much as

we should for communications experimentation.

They come before our committee and say, "Whether you create a private corporation or not, we will do it anyway." They have been doing a wonderful job, but our job in the expenditure of all that money has not been directed toward perfecting a communications satellite. Our stress has been in putting men into orbit and in trying to reach the moon. We are trying to land a man on the moon. We have been trying to perfect our technology and science with reference to putting heavy payloads into space.

Insofar as actual experimentation on communications is concerned, we have not spent too much money. In fact, in the aggregate, up to now, private industry has spent more than the Government has in the specific area of space communications. So I fear that the idea that the job would be done anyway is a somewhat fallacious point of view. I think we ought to give it very serious thought. I am not saying that my good friend from Louisiana is wrong and that I am right.

The point I am trying to make is this: Let us not go off with the idea that if we do not do something about the proposed corporation this year, we can merely sit back and the project will take care of itself. If—God forbid—any other country succeeds in getting a satellite in space before we do and begins to preempt that area, and as I pointed out, there are only so many frequencies available for use in space, and if a country should preempt those frequencies before we do, we will be in a very unfortunate position. I wish to make the RECORD clear on that point.

Mr. LONG of Louisiana. The Senator from Rhode Island has raised a number of questions to which I should like to respond. In the first place, the Senator quoted the figures of the National Aeronautics and Space Administration. Do the NASA figures include the expenditures of the Department of Defense in the same field?

Mr. PASTORE. Oh, no. I suppose the figures of the Department of Defense would be a little different.

Mr. LONG of Louisiana. Very much so.

Mr. PASTORE. I ask the Senator to state the figures. I am perfectly willing to put those figures in the RECORD. There is nothing mysterious about the figure. I have presented the NASA figure. It is not $25 billion.

Mr. LONG of Louisiana. My best information is that of our $25 billion investment to conquer space, $475 million included the Department of Defense figure of expenditures in the field of communications. I shall be glad to supply the documentation for that figure.

Mr. PASTORE. I think it would be well to have that documentation in the RECORD. My staff member handed to me a statement related to the military communications field. I understand that there has been a shift in one of the programs from one agency of the Defense Department to another because the program was not going along too well. I read from a UPI release dated June 11 as follows:

> Department spokesmen were unable to say how much of the $170 million spent on the Advent satellite communications project represented a total loss.

The AP release of June 11 said:

> The spokesman refrained from criticizing the work of the Army, which has spent about $170 million in the project so far. Another $100 million has been sought for the coming year.

This is the report that has to do with the shakeup of the lagging satellite communication program of the Army.

The point I am attempting to make is that we have been lagging. There is no question about it. Let us not proceed with the idea that the job will be done anyway. Somewhere along the line someone has been a little too relaxed in the field which we are discussing. I am not saying that it was not Congress. I am not saying that it was not the military. I am not saying that it was not private industry. But I fear we must discard the idea that we are proceeding full steam ahead, and that we would be going ahead anyway. If a private corporation is not created—and I hope and have every confidence that it will be—I hope that we will review the Government's participation in the field and get going on the job.

Mr. LONG of Louisiana. Let us cover the subject point by point. We are talking about a $25 billion investment in the effort to conquer space. My best information is that $471 million of that amount has been spent in the field of space communications. I know that A.T. & T. would, if it could, keep the Government out of communications research completely because A.T. & T. can do its research, charge the telephone users for the expenditure, and still make a fair rate of return over and above their expenditures, which they are entitled to do in their operations. For their private advantage, I can understand why that great corporation would want to keep other companies out of the competition. A.T. & T. is the greatest monopoly of all mankind in the history of the earth.

So far as the assignment of channels is concerned, I think the Senator knows—and I certainly know—that we have no channels to assign until foreign nations agree. In other words, the Soviet Union could jam every channel we have. We could jam every channel that the Soviet Union might have in a high orbital satellite.

Only when every nation agrees on how many channels each nation shall have can guarantees be made. It is possible that without any agreement a small nation, provided it could spend a few million dollars for an adequate sending set to transmit to the synchronous satellite, which I believe will be the good and effective satellite, could jam the whole operation by merely sending to such satellite on each transmitting channel on which we could send.

So the subject of assigning channels involves an international agreement. If we are going to communicate with England, we must get the Russians to agree that they will not communicate on the same channel at the same time. That is one of the problems we shall have. That will be a Government function no matter how we wish to try to arrive at the solution of the question. It is something that the Government must agree to. It is also something that A.T. & T. is powerless to do anything about without the consent of the Government.

Mr. PASTORE. The Senator is correct; and under the bill it could not possibly do it. But the Senator will agree that the country that first places such a satellite into orbit will be in a strong position at the conference, because a bird in the hand is worth two in the bush.

Mr. LONG of Louisiana. Only if the other nations will agree.

Mr. PASTORE. We have the satellites. We would have the frequencies. They would have nowhere else to go. If the Russians get the satellite in space first, we may have to do business with Russia on her terms. If we get a satellite in space first, so far as Senators having anything to do with it is concerned, one could bet his bottom dollar that Russia would have to proceed in the way we want the job done. It all depends on which nation first places such a satellite in orbit. That is important.

Mr. LONG of Louisiana. The Senator is as familiar as I am with problems in foreign relations. I serve on the Committee on Foreign Relations, though I do not claim any expertise in the field. But the Senator from Rhode Island knows, as well as I do, the difficulty of obtaining any kind of agreement with the Russians. It is always a subject about which no one can be sure.

The point is that if the Russians put a satellite in orbit first, and we put one in orbit second, both nations will then have the power to broadcast on all the frenquencies at the same time. The only way to produce order out of such chaos would be to agree. But I assure the Senator that if we get our satellite in space first, we can anticipate that the Russians will not treat us as boss man, and if the Russians should get their satellite in space first, we will not treat the Russians as boss man in charge of the destiny of outer space. We will still undertake to put a satellite in space whether we are first or second, and so will the Russians.

Mr. PASTORE. Yes; but the first nation to put a satellite in space would have an edge.

Mr. LONG of Louisiana. Only if the other nations would be willing to agree. We have the same problem now with respect to radio signals. We must agree with foreign nations that they will not broadcast on the same channels that we use, or that they will share channels. The fact that our Nation may put a satellite in space first would not compel another nation to agree. That nation might wish to put its satellite in space before it would be willing to talk business.

Mr. PASTORE. Is the Senator arguing that it would not make any difference whether we put a satellite in space first or not? If that is his argument, I will take my seat.

Mr. LONG of Louisiana. If the Senator wants to make that assumption and take his seat, he is perfectly free to do so.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. I should like to address a question to the distinguished Senator from Rhode Island. I should like to ask my friend why the proposed legislation has any bearing on putting a satellite in space first. We are now putting satellites in space, regardless of whether the proposed legislation is enacted or not. I understood the Senator to make the point that unless we act quickly, we might lose an opportunity to have a satellite and the necessary frequencies.

Mr. PASTORE. Positively. This subject has been discussed by the administration for a long time. I think this is a fair question. I think it ought to be answered. I did not originate the idea. Every time I rise to speak I repeat the statement. We must realize that the pending measure is a subject of great moment to the administration. An ad hoc committee was appointed by the FCC to determine how we should go about conducting experimentation. That ad hoc committee submitted a report.

The Federal Communications Commission made a report to the effect that there should be a private corporation to be owned exclusively by the international communications carriers. That subject came to the attention of the President. The President discarded the idea. The President thought that the better way was to provide a private company. In the present case the President feels that if we could accomplish our object by a system of free enterprise, the effect on all the nations of the world would be cataclysmic. We would like to prove to the world that the project can be done under our system of free enterprise, because in the United States communications systems are operated under the free enterprise system, including the operations of such networks as NBC, CBS, and ABC on television and radio. They are all examples of free enterprise in the United States.

Mr. President, telephone companies, whether we like them or hate them—and I am referring to A.T. & T.—are an example of free enterprise. A great many people invest their money in A.T. & T. The President thought the best way to do it would be to create a private corporation. In order not to give this corporation to the control of a common carrier, it was suggested that there be a body of 15 directors, 6 to be appointed by the communications carriers—and they can only vote for 3 of the 6—6 would be appointed by the public ownership, with 50 percent of the stock, and 3 would be appointed by the President with the advice and consent of the Senate.

That was his idea. He wrote a letter, and he had the Senator from Washington [Mr. MAGNUSON] and the Senator from Oklahoma [Mr. KERR] introduce the bill. He suggested this kind of corporation. When he sent the message he said it was absolutely essential and necessary that America get going on this job. He said it was important that we adopt this legislation at the earliest possible date.

The Senator has asked me, "Well, why do we have to do it now?"

First of all, because I personally think it is a good thing to get going; second, we have the instructions of the President of the United States. I cannot give the Senator a better answer than that.

If we want to say that the President of the United States is being unduly anxious about it, we have the right to say that. I have no stake in this. A.T. & T. means nothing to me. All these carriers mean nothing to me. On the question of whether we do it by public ownership or by private ownership, fundamentally to me, personally, the proposal before us makes good sense to me. This is one time when we can prove to the world that free enterprise is a good thing.

All I have been doing is to serve as chairman of the subcommittee that held hearings day after day and marshaled this bill through the committee and has brought it out of the committee to the floor of the Senate, with certain amendments which we think protect the public interest. That is my part in this whole thing.

I do not want to fight anyone. I am not against anyone. I love everyone. The fact is that this is the President's bill, and I am managing it on the floor of the Senate.

A great many people are saying it is not necessary to have it. In answer to that I say, "Go and tell that to the man in the White House." Many people say, "We can wait until 1962." I say, "Go tell that to the man in the White House." That is not what he is telling me. He is telling us through the leadership that it be important to enact this bill. That is where it stands.

I think it would be a terrible thing to postpone this bill until next year.

Mr. GRUENING. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I should like to make my speech on this subject. I will yield to the Senator very shortly thereafter. With all due deference, I find that some of the things I say seem to evoke violent disagreement on the part of my good friend from Rhode Island and on the part of other Senators also. I would like to make my speech, but I cannot make it if I must continually yield to Senators. I have been accused in the press of conducting a filibuster on the bill.

Mr. PASTORE. I have not accused the Senator of filibustering the bill. He is a very delightful person.

Mr. LONG of Louisiana. I spoke for 2½ hours yesterday, during which time the opposition took most of the time. Yet I am accused of being a filibuster.

Mr. PASTORE. I hope the Senator will never accuse the Senator from Rhode Island of writing that newspaper report.

Mr. LONG of Louisiana. No. I merely feel that I should like to get on a little bit with my speech.

Mr. KUCHEL. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I am glad to yield to my delightful friend from California.

Mr. KUCHEL. As I sit here listening to this intriguing debate I must say it has real overtones of immense possibilities for the future of our country. The thought does occur to me whether there is not something involved in this debate of the majesty of the people and of the Government of the United States, in the prestige of the Government and of the people of the United States, in being No. 1 in establishing a communications satellite. I do not include in my question the type of legislation that will pass. My question is directed simply to the point whether it is not in the interest of America and American freedom that America be the first with a communications satellite.

Mr. LONG of Louisiana. I agree with the Senator 100 percent. I believe that we should proceed as rapidly as possible and get the satellite into orbit. That is all we are trying to do. However, we do not have to give it away before we have it up there in space. We do not have to sell it to anyone under any conditions. A part of the case that I am undertaking to spell out is that in my judgment it makes best sense to go ahead in proceeding as rapidly as we can with the development of this matter and to go ahead with this Nation negotiating with foreign nations for the assignment of wavelengths for experimentation, because in the initial stages we will be experimenting anyway. We should also undertake to see that when the satellite system is in effect we will have maximum competition.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. YARBOROUGH. Is a motion to recommit at this time in order?

The PRESIDING OFFICER. A motion to recommit is in order.

Mr. LONG of Louisiana. I do not yield for that purpose. I wish to proceed with debate on the bill.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. The Senator from Louisiana is giving us a graphic description of the satellite system. He mentioned one system of satellites at 22,290 miles in space. I should like to ask the distinguished Senator from Louisiana how we are going to get those satellites out there 22,290 miles in space.

Mr. LONG of Louisiana. It sounds fantastic. However, such a satellite could be placed in orbit at that point and could be in orbit out there. Scientists and engineers tell me there is no doubt about the fact that they can do it. As a matter of fact, they predict that they will succeed in doing it the second time they try, and they have hopes of doing it the first time.

Mr. YARBOROUGH. My question to the distinguished Senator is, who is going to do that? Who will shoot that out into space, and will it be shot out there with rockets?

Mr. LONG of Louisiana. My understanding is that the Atlas-Agena booster can get it up there. The technical work on the satellite, which would do the sending and the receiving, is not quite ready at this time. I am told that a 500-pound satellite can do this and that the Atlas-Agena booster that we have now has the capacity to put it out there in space.

Mr. YARBOROUGH. Will that be done by the Government of the United States?

Mr. LONG of Louisiana. Yes, that would be done by the Government.

Mr. YARBCROUGH. Can anyone else but the Government do that?

Mr. LONG of Louisiana. The Soviet Union might be able to do it.

Mr. YARBOROUGH. I mean in the United States. Could any private corporation in the United States do it?

Mr. LONG of Louisiana. Perhaps a contractor for the Government might be able to do it.

Mr. YARBOROUGH. But all of this is under the control of the Government, is it not?

Mr. LONG of Louisiana. Yes.

Mr. YARBOROUGH. Then it is contemplated that the satellite would be put into space by the Government of the United States.

Mr. LONG of Louisiana. It is possible that a private contractor might have the ability to prepare the missile, but all the launching facilities are owned by the U.S. Government. These are enormously expensive facilities and they are all complicated mechanisms.

Mr. YARBOROUGH. Would the same be true of the low altitude system; would that be launched by the Government also?

Mr. LONG of Louisiana. It is argued by most of those who favor the synchronous system that the synchronous satellite, which would be much less expensive and which would make possible constant communication, and would operate as though a television tower 22,000 miles high had been constructed, could be placed in almost immediate operation, which is not true of the low-orbit system, because a low-orbit system requires so many satellites in orbit. In order to have global coverage it would be necessary to have as many as 400 satellites in orbit simultaneously. These satellites would be orbiting in an area where they would be exposed to a great amount of radiation, far more than would be the case farther out, and therefore many of these satellites would be either destroyed or rendered nonoperational by the radiation in that area in outer space, which would not occur in any like degree farther out in space.

By the time the low-orbit system was in operation many of the earlier satellites could have been damaged by the various cosmic and other rays in space, and therefore many of the satellites would not be in operation by the time the last satellites were placed up there.

Mr. YARBOROUGH. Mr. President will the Senator from Louisiana yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. In connection with the estimates the Senator from Louisiana is giving of the cost of the proposed space communications satellite system and the cost of sending messages, is he taking into consideration the $25 billion the U.S. taxpayers have spent in developing space research and the arts of missilry and rocketry to the point where we can launch these vehicles and get these communication satellites thousands of miles out into space? In addition to the $25 billion which the American taxpayers have spent on that, is the Senator from Louisiana also considering the $470 million spent by the taxpayers of the United States and allocated to be spent, on direct space communication research through NASA and also through the military expenditures? Do the cost figures include merely what this private corporation would spend if the bill as it now stands were enacted—in other words, this giveaway, if the American people were to give it this largess; or do they also include the amount of the taxpayers' funds which has been spent in developing these sciences to the point where space communication is feasible?

Mr. LONG of Louisiana. The point is that the investment to which the Senator from Texas has referred—exceeding $25 billion—would be available for this corporation to enjoy, without cost to itself. All it would have to pay would be the cost of the initial launching. The Senator from Texas knows that a tremendously large amount of money is involved in this matter; and a particularly enormous amount of money would be involved in trying to make a workable low-altitude system.

I do not mean to cast any aspersions; but we are told by those who are sponsoring the bill that they do not know whether the corporation would use the low-altitude system or the synchronous system.

It is my understanding that the American Telephone & Telegraph Co. expects to put up its share of the money—and also to put up the other fellow's share, if he will not take it—to start the low-altitude system, and to do so soon. One reason why I object to that is that it seems to me that the commercial approach is made to order for getting the whole new technology into the bosom of the A.T. & T., and excluding others from it.

I say that because the cost of putting 40 or 400 satellites into orbit would be very great, and the cost of tracking antenna for such a program would be enormously expensive. If it were done in that way, the cost would be very much more, but we would receive very much less from it than we would receive if we had a satellite in orbit at a distance of 22,300 miles from the earth. So it seems to me that the low-altitude system would be much less effective, despite the investment of a great amount of money belonging to the taxpayers of the United States. Furthermore, there would be no prospect of getting substantial revenues from it.

On the other hand, for a much lesser investment, there would be a much better system and there would be much more possibility of profit.

Mr. YARBOROUGH. Mr. President, will the Senator from Louisiana yield for another question?

Mr. LONG of Louisiana. I yield.

Mr. YARBOROUGH. In the last several days someone has asked whether there are any alternatives to House bill 11040. Is the Senator from Louisiana familiar with an amendment, identified as "6-15-62—H," which has been proposed by the Senator from Tennessee [Mr. KEFAUVER], on behalf of himself and seven other Senators, of whom I am one. Is he aware that that amendment provides for the establishment, ownership, operation, and regulation of a commercial communication satellite system? Does he realize that the amendment provides for a communication satellite authority to be created by the Government of the United States, and to be run somewhat along the lines of the TVA or the Panama Canal Authority? Does he realize that, as a result, this authority would control the communication satellite system? Does he also realize that the amendment provides for the appointment of directors to the communication satellite system corporation, and provides in full for the operation of the system; and does he realize that the sponsors of the amendment—of whom I am one—think it is in the true spirit of the free-enterprise system, in that it would stimulate competition and would lessen monopoly, and all the telephone and telegraph companies now in existence or others to be formed in the future would have an opportunity to buy the service on the new system, just as today any shipping line or shipping-line operator can buy passage through the Panama Canal? Does the Senator realize that, under the amendment, all would be treated impartially and fairly, and there would be comparable rates for all of them, and there would be full free-enterprise operation, by giving all the manufacturers of telecommunications and electronic equipment an opportunity to manufacture and sell the equipment; and there would not be a monopoly—for instance, not the sort of monopoly that Western Electric now has with the A.T. & T.

Is the Senator from Louisiana thus familiar with the fact that there is now pending to House bill 11040 an amendment which would protect the public interest, would allow for full competition, would allow for full development of each of the great private communication carriers which have been developed in the United States, would give them an opportunity to continue their development, and would give them an opportunity to continue their service to the public? Is he also aware of the fact that under the amendment the U.S. Government would not itself go into the radio or telecommunications business, but, instead, these private companies would take the messages and would rent the use of these satellites in space, would

send the messages, would have them delivered, would bill their customers, and would collect, in the same way that they do now?

Is the Senator from Louisiana familiar with the fact that, in short, there is pending to the bill an amendment which would further the free enterprise system, would keep all these carriers in business, would further the development and manufacture of electronic and radio and television communications equipment and all other types of equipment used in this business, and also would maintain the sovereignty and the hegemony of the United States in outer space, and would keep the Government out of private business, and would keep private business out of the Government?

That is the aim of this amendment. Is the distinguished Senator from Louisiana familiar with the fact that such an amendment is pending?

Mr. LONG of Louisiana. I am familiar with the amendment. I have not studied it as much as I should like to do.

My feeling about the matter has been that the administration seems committed to pursuing the concept of private ownership of this satellite, which would be 22,300 miles removed from the earth. As a practical matter, could one really say whether it is possible to own a satellite in that position? For example, let us assume that the satellite burned out or became nonoperative or lost its position in orbit. If that were to happen, it would be cheaper to replace it with another satellite than to try to bring it down and fix it.

So when the satellite is put out there in space, one cannot maintain possession of it in the same way that one could maintain possession of a piece of property on earth or a piece of furniture which one could call his own, and could maintain close control over. But if the administration wants to go through with the concept that the satellite to be in orbit shall belong to a private corporation here in the United States, I have personally felt disposed to go along with it, provided it would be competitive with the means of communication now in existence, and that the existing carriers would not be in a position to charge their old rate base off to the new service.

The Senator's proposal would, of course, undertake to see that the best rates would be available. I assume his suggestion is that the facility would be made available to all companies, who would be assigned channels, including companies of the Bell System. Is that correct?

Mr. YARBOROUGH. I thank the Senator. It is the object of the amendment to keep all communications carriers competitive, and to make this facility available to all of them on a fair and equal basis, and to keep them in the business they are now in; not to put the Government into business, but keep down the rates to the sending public.

Mr. LONG of Louisiana. I must say that any device which would come nearest to assuring the public that it would have the benefits of the new satellite system would seem to me to offer advantages over a system which would simply make the whole facility a part of the existing communications common carrier system.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield for a question.

Mr. BARTLETT. While it is true that the use of space for communication is possible, it is likewise true, is it not, as I believe the Senator has repeatedly stated, that the possibility will not become a certainty for at least 2 years?

Mr. LONG of Louisiana. Yes. It will be at least 2 years, according to the best information I have available, before one could have any hope of having a workable space communications system.

There are some, including the American Telephone & Telegraph Co., who suggest to us that this thing may never work. I differ with that point of view, but we are in the experimental stage now. I am frank to say that it seems to me we ought to develop the system before we try to place it in the hands of any one particular corporation.

Mr. BARTLETT. Mr. President, will the Senator yield for a further question?

Mr. LONG of Louisiana. I yield.

Mr. BARTLETT. The Senator has stated that further experimentation is required. That being the case, it is inevitable, is it not, that the money of the taxpayers—the money which each of us must contribute in varying amounts to the Federal Government for the upkeep of that Government—will be used for experimentation work, to make the possibility become a certainty?

Mr. LONG of Louisiana. Yes. We have precedents for this. There would be no possibility of anyone doing the job unless the United States spends a great amount of money to make it possible.

When we undertake to provide for the service, even if we establish the corporation, the testimony shows it is well agreed that the United States would continue to do much of the research and experimenting in this respect, to make possible the providing of the service. All the corporation would pay for is the launching of the satellites and the capsule they would have in space.

Even a portion of the activity in that regard would be governmental. It is fair to assume that in the early stages most of the work would be done by the U.S. Government.

Mr. BARTLETT. The financial burden on the Government will be a continuing one, even after the system is put into operation?

Mr. LONG of Louisiana. Yes. I wish to read for the Senator what Mr. Webb testified before the Committee on Interstate and Foreign Commerce of the House of Representatives. He was asked whether the Government would continue to do work in the field through NASA, and he said:

> It is contemplated that the National Aeronautics and Space Administration will continue to do active research and development on the technology involved in using communications satellites and the tie-in with communications satellite systems.

The Senator can understand it is planned that the Government will continue to support this effort, even after a corporation is established. Frankly, we must do so.

Mr. BARTLETT. It is a matter of national necessity, is it not?

Mr. LONG of Louisiana. Yes. This Nation cannot afford to let others get far ahead of us in this field. If the private corporation which is established cannot do the job, the Government still will have to make available all the money necessary to provide the service anyway. Since it will be done anyway, the amount that would be saved would be relative and we would pay for it in any event.

Some have suggested that we would save money by allowing a private company to engage in the program. As a practical matter, we will pay for it either as taxpayers or as telephone users. If the telephone company operates the program it will charge its expense as a part of operating expenses and include it as a part of the charge for telephone services.

Mr. BARTLETT. Essentially, so far as the national interest is concerned, the project is not and for many years will not be profitable.

Mr. LONG of Louisiana. No. If the project is established now, it will show a loss for a number of years. That is another reason why the program in its present state should not cost a great amount of money.

I ask Senators to consider the difficulties involved in establishing a lower orbital system. We would pay for sending 40 or more satellites into space. We would have to provide a great number of expensive, multiple-tracking antennas. The program would have to be operated in such a way that only one large corporation on earth would have enough money to enter into the operation. Such action would strengthen an existing monopoly, almost by definition.

If a working satellite system were established, we would then be in a position to place it into any hands we might choose. The project could be made profitable in short order. That is what I was suggesting could be done with the synchronous orbital system if the program were placed in the hands of a corporation. In view of the great expense involved in the early stages, and the great loss that would necessarily be incurred before it would ever become profitable, as I see it, it could be handled in no other way than by placing it in the hands of the American Telephone & Telegraph Co. Many people think it is in the hands of that corporation already. By so doing we would greatly strengthen a powerful existing monopoly, which would tend to deny to the public the early advantages that could be expected when the system became competitive with existing systems of communication.

Mr. BARTLETT. As I understand the Senator's position, in addition to other things; for example, a housewife in Shreveport, La., might fear that she would have to pay more for her home telephone to make up whatever loss may be incurred in the operation of the satellite system.

Mr. LONG of Louisiana. That is my feeling.

Mr. KERR. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. KERR. Is the Senator not aware of the fact that under the bill no expense of the corporation can be included in the domestic rate base of any communications system?

Mr. LONG of Louisiana. Without the approval of the FCC.

Mr. KERR. Or with the approval of the FCC?

Mr. LONG of Louisiana. The bill provides on page 34, line 17, as follows:

(c) The corporation is authorized to issue, in addition to the stock authorized by subsection (a) of this section, nonvoting securities, bonds, debentures, and other certificates of indebtedness as it may determine. Such nonvoting securities, bonds, debentures, or other certificates of indebtedness of the corporation as a communications common carrier may own shall be eligible for inclusion in the rate base of the carrier to the extent allowed by the Commission. The voting stock of the corporation shall not be eligible for inclusion in the rate base of the carrier.

Mr. KERR. At what page is the Senator reading?

Mr. LONG of Louisiana. Page 34 starting at line 17. My understanding is that the A.T. & T. has already built some of the multiple-tracking antennas. It has bought practically a whole valley in the State of Maine in order to make those antennas operate. Of course, the only use for that system would be in the low orbital field. That would be an enormously expensive system. My guess is that a company that would go into that operation could expect great losses for a long period of time before the system started to make a profit, if it ever would do so.

Mr. KERR. The bill specifically provides that the amount paid for the stock would not go into the rate base.

Mr. LONG of Louisiana. The Senator is correct.

Mr. KERR. So far as that is concerned, as reported by the Space Committee, the bill provided that any investment in the bonds of the corporation or any other kinds of stock of the corporation would not be included in the rate base except with reference to the international communication operation of the one furnishing it.

As the bill is now before the Senate, it could not be done unless it was so ordered by the FCC.

Mr. LONG of Louisiana. Yes; the permission of the FCC would be required. My understanding is that it was the opinion of representatives of the A.T. & T. that even for the stock operation in the first instance the company would be required to put up most of the money even for the initial stock. Their advice to me and their advice on the record is that in some respects that it would be a long time before the system would be profitable.

Mr. KERR. There is no doubt that it will be a long time before it will be profitable; but, in the first place, under the bill, the entire group could not purchase more than half of the stock.

Mr. LONG of Louisiana. Yes; but the Senator knows that so far as the economic power of the carriers is concerned, 50 percent of the stock would be set aside for them, and so far as the economic power of the people is concerned, the great bulk of it would be in a single corporation.

Mr. KERR. But regardless of how much stock they might buy, the number of directors they could have on the board of directors would be limited. Is that not correct?

Mr. LONG of Louisiana. Yes. The number would be limited, but they would be entitled to three directors. That does not mean that the company could not use its influence to determine what other directors should be on the board of the proposed corporation.

Mr. KERR. Nor is there any provision that other stockholders could not use their influence.

Mr. LONG of Louisiana. The Senator is correct.

Mr. KERR. The President would appoint three of the directors.

Mr. LONG of Louisiana. Yes; and I assume that wherever the parent corporation could use its influence it would direct its efforts to see that the friends of the corporation would be on the board.

Mr. KERR. Is the Senator aware of the fact that other nations are working on communication satellites?

Mr. LONG of Louisiana. I am aware of that fact.

Mr. KERR. Is the Senator aware that Japan has announced that she expects to have a system in operation by 1964?

Mr. LONG of Louisiana. If Japan has a system in operation, I hope that it will be a high altitude system rather than an extremely expensive low altitude system.

Mr. KERR. Is the Senator aware of the fact that the Defense Department, in working on a high synchronous satellite, has reoriented its program and has temporarily set aside its effort to put a synchronous orbital satellite into orbit?

Mr. LONG of Louisiana. Yes.

Mr. KERR. Is the Senator aware of the fact that the reason the Department took that action is that it had neither the rocket power nor the know-how to put the satellite into orbit?

Mr. LONG of Louisiana. That is not entirely in line with the advice I have received on the subject.

Mr. KERR. That was the testimony of the representative of the Defense Department before the Space Committee last week.

Mr. LONG of Louisiana. I do not question that the statement was made.

Mr. KERR. A representative of the Research and Development Division of the Defense Department said that the program had been reoriented for two reasons: First, the Department did not have the rocket power to put the satellite in orbit. Second, in order to put the synchronous orbital satellite into orbit, not only would the Department have to put it up to a height of 22,000 miles, but a guiding system would be required that would bring about two shifts in the position of the satellite after it went into orbit before it could be put into the proper orbit, and the Department did not have the know-how to do that. That was the statement before the Space Committee last week.

Mr. LONG of Louisiana. The advice I have on the system is that by the time a workable low altitude system, with all the satellites that would be required, could be put into space, some of the satellites might no longer be useful by the time the last ones were put in space.

Also, there would be problems involving the ground stations.

Mr. KERR. If that is the case, is there any reason why private industry should not be permitted to use their money to put the satellites up there if they want to do so, especially in view of the fact that Russia, England, and Japan are today trying to put a system up there, too?

Mr. LONG of Louisiana. It is my feeling that our Government is at this time in a position to say what the future will be in this field. We are in a position to say what the new use of space is going to be, and to say whether it is going to be competitive, to compete with the existing system, with the benefits that competition can bring; or whether it is going to be more or less an adjunct or a supplement to the existing system.

Mr. KERR. How can we avoid competition, with three nations having systems of satellites?

Mr. LONG of Louisiana. If these nations have frequencies assigned——

Mr. KERR. Does the Senator believe that Russia will recognize that this Nation had any exclusive frequencies?

Mr. LONG of Louisiana. The Senator knows that that would have to be by way of agreement.

Mr. KERR. Is it not a fact that there is not another nation in the world with international communication facilities that does not own its own ground stations? So that even if our Government had a satellite system in outer space, other governments could say they would not permit the receipt of any communication over the system unless it came over the satellites of other countries.

Mr. LONG of Louisiana. It would require agreements between this Nation and other nations. I personally feel it would probably be better for this Nation to negotiate on a government-to-government basis, rather than authorizing a single corporation to negotiate.

Mr. KERR. The bill provides that the corporation can call on the State Department, if its services are needed. Is the Senator so impressed with the record of the State Department in negotiating with other nations that he feels they would come nearer to being frugal and thrifty in making agreements than private carriers would be who have agreements with over 100 other countries?

Mr. LONG of Louisiana. I believe that this Nation is capable of negotiating for itself.

Mr. KERR. Could it negotiate in this situation entirely free from other policy considerations?

Mr. LONG of Louisiana. In my judgment the State Department could negotiate for this country.

Mr. KERR. Does the record of the State Department persuade the Senator that they would? I heard the Senator from Louisiana cite the Senator from Oklahoma, because he felt that the

State Department in negotiating tariff concessions had done so not on the basis of reciprocal trade but on the basis of other considerations, such as foreign policy.

Mr. LONG of Louisiana. But I have never been willing and have never voted to authorize a single industry, to my knowledge, to negotiate their own tariff arrangements.

Mr. KERR. They are not tariff arrangements. All carriers which are now operating have negotiated agreements with the communications facilities or departments of other governments in nearly 150 situations where we now have international communications.

Mr. LONG of Louisiana. The initial agreements, so far as this country and the other governments are concerned, are made on a government-to-government basis.

Mr. KERR. Would the Senator be surprised to learn that none of them has been made on a government-to-government basis? That is the record before the Space Committee. None of them has been made on a government-to-government basis.

Mr. LONG of Louisiana. The Senator can provide that information if he desires to do so.

Mr. KERR. I am doing so now.

Mr. LONG of Louisiana. Perhaps on a bilateral basis, as between two different nations.

Mr. KERR. I mean between the American telephone carriers and the telephone facilities of other governments. They are all made on the basis of an agreement between I.T. & T. or Western Union or A.T. & T. with the appropriate agencies of other governments.

Mr. LONG of Louisiana. It is my understanding that all the important agreements on frequencies in international agreements——

Mr. KERR. I am not talking about frequencies now. There are no frequencies so far as international microwaves are concerned.

Mr. LONG of Louisiana. There are frequencies in the use of radio, for example. There are radio frequencies. This has to do with the use of radio microwaves.

Mr. KERR. The frequency that is assigned to one nation is one thing. The agreement between the sender and the receiver on the assigned frequency is an entirely different thing. Those are commercial agreements.

Mr. LONG of Louisiana. There will have to be a government-to-government agreement before it would be possible to get to the kind of negotiations that the Senator is talking about. It would be necessary to have an agreement with all the nations, Russia included, that they would not use the same frequencies that we would be using.

Mr. KERR. Would we not have to have that agreement whether the satellite was publicly owned or privately owned?

Mr. LONG of Louisiana. Let me say to the Senator from Oklahoma that what I am talking about here and what I am directing my argument to is not the desirability of public ownership. I am content that this particular satellite would be privately owned, but so far as I am concerned my feeling is that the precedent we should follow is the precedent that Congress followed when it undertook to see that rail carriers would not own water carriers or air carriers or bus carriers, but that competition between the systems would be guaranteed.

By doing that, as the Senator knows, there was a close prohibition of those who owned one system from owning control of other systems. In my judgment the stock ownership which is permitted here is enough to permit and make it possible for A.T. & T. to control this kind of system, and my judgment is that when that happens the development of this new facility and this entirely new space satellite communication system, as far as this Nation is concerned, will be developed as an adjunct and as a supplement to the existing Bell Telephone System. I can see in this bill where that result would come about.

Mr. KERR. The Space Committee and the Commerce Committee of the Senate and the Commerce Committee of the House and the Justice Department and the FCC worked for weeks on this subject, and they thought they had provided language in the bill which would prevent any such situation developing. As to the competitive situation or the method of sending communications, the satellite is no more than a microwave relay station, which existing communication companies now use both in domestic and international communication.

Mr. LONG of Louisiana. The Senator says it is no more than that.

Mr. KERR. They have microwave facilities in operation all across the continent. They have them in operation across the Nation. All that the satellite would be, as the Senator knows, would be a microwave station in the sky. It is not a different method of communication.

Mr. LONG of Louisiana. It is a microwave station in the sky that can be jammed by any nation on earth.

Mr. KERR. It could be jammed just as easily if it were Government-owned as if it were privately owned.

Mr. LONG of Louisiana. I would agree that it could be jammed either way.

Mr. KERR. If that is the case, would it not be better for the Government to let a private corporation build it than have the Government build it?

Mr. LONG of Louisiana. No; and the Senator from Oklahoma knows better than that. The Senator knows that this Nation cannot entrust this matter to happenstance. This Nation cannot entrust supremacy in space communication beyond the ability of this Nation to see that it works out so that we are there first and foremost.

Mr. KERR. The Defense Department has specifically reserved under this bill the right to proceed with its own system of communications satellites.

Mr. LONG of Louisiana. Now the Senator is proceeding under the assumption that the American Telephone & Telegraph Co. will not control this matter and will not have effective ownership of it. Let us proceed on that assumption.

Mr. KERR. There are reasons why I proceed on that assumption. First, the bill as written specifically provides that they cannot control it; second, the bill as written provides whoever controls it shall be effectively regulated by the Federal Communications Commission; third, the bill as written provides that anything the corporation buys must be done on the basis of competition.

Mr. LONG of Louisiana. When the Senator from Oklahoma speaks of effective regulation by the Federal Communications Commission, it will be the first time that that will have happened in 28 years. I have twice placed in the RECORD 10 allegations of failure on the part of the FCC to regulate.

Mr. KERR. In what regard? There has been criticism that the FCC has not adequately regulated international communications. The FCC could not do that even if the Government owned the system; and as to all the receiving and transmitting stations which are owned or operated in other countries, the Federal Communications Commission has no jurisdiction over them.

Mr. LONG of Louisiana. Let me cite examples of the failure of the FCC to regulate the American Telephone & Telegraph Co. These are examples which impressed me.

First, in its entire history, the Federal Communications Commission has never determined the basis upon which the rates of A.T. & T. are computed.

Mr. KERR. Is the Senator speaking of domestic rates or foreign rates?

Mr. LONG of Louisiana. Both.

Mr. KERR. The Federal Communications Commission advised the committee that it had maintained effective regulation of the domestic operations of all communications carriers; and the Senator from Louisiana knows that State regulatory bodies regulate communications carriers within the respective States.

Mr. LONG of Louisiana. I shall read the statement to the Senator; I can go into greater detail and document the statement later.

First, the Federal Communications Commission in its entire history has never made a formal determination of what is a fair rate of return for interstate or international telephone service.

Mr. KERR. Will the Senator stop at that point? With reference to international service, would the Senator admit that the regulatory power of this country could not fix rates which would be binding in other countries, in view of the fact that no agreement can go into effect and no communications can be sent or received except with the cooperation of a foreign receiving or sending station which is owned by a foreign entity and which cannot be regulated by the Federal Communications Commission?

Mr. LONG of Louisiana. The Senator from Oklahoma will not lean on such a weak prop as to say that the Government cannot protect its own public with respect to rates between this country and England or France or any other foreign country. I do not think the FCC has

ever contended it was beyond its power to do something of that kind.

Mr. KERR. I do not know what the FCC has contended as to its power; the Senator from Oklahoma knows it is beyond the power of the FCC to make such rates. How can the Federal Communications Commission make an order that will determine what a communication-receiving facility or sending facility owned by the British Government should charge?

Mr. LONG of Louisiana. So far as concerns what may be charged on this end, the FCC can act. So far as concerns what is charged in international service, that rate could be subject to agreement. So far as regulating what an American pays for a call from the United States to a country abroad is concerned, this Government has the power to regulate. I do not know of anyone who has contended that this Government does not have such power, unless the Senator from Oklahoma so contends.

Mr. KERR. I so contend.

Mrs. NEUBERGER. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I do not have the floor; the Senator from Louisiana has graciously yielded to me.

Mr. LONG of Louisiana. I yield to the Senator from Oregon.

Mrs. NEUBERGER. I was merely wondering if there is any analogy in the manner in which international postal rates are arranged.

Mr. KERR. I believe they are arranged by agreement and are not within the jurisdiction of any governmental agency to regulate.

Mr. LONG of Louisiana. First, it is my impression that the Federal Communications Commission has such power today. If it does not have the power, it ought to have it, and it ought to get it by means of an international agreement if necessary. My guess is that it has such power now. I have not heard the Federal Communications Commission contend that it does not have such power. But my statement is broader than that.

The Federal Communications Commission in its entire history has never made a formal determination of what is a fair rate of return for interstate or international telephone service. Only a small portion of the service, as the Senator from Oklahoma knows, is international. However, I hope the Senator does not contend that the U.S. Government, through the Federal Communications Commission, should not have the power to protect the telephone users of the country.

Mr. KERR. The Senator from Oklahoma says that the U.S. Government does not have the power to prescribe or regulate what a British-owned or a French-owned or a German-owned facility should charge or may charge either for an originating message to this country or for a message received from this country. I believe the distinguished Senator from Louisiana is enough of a lawyer to know that that position is correct.

Mr. LONG of Louisiana. It is my judgment that if the FCC does not have the power to determine what a rate shall be for a call originating on the American Telephone & Telegraph System, sometimes called the Bell System, to be transmitted to Europe, to Mexico, or to Canada, it ought to have such power. I think it ought to have that power, and I believe it does. If it does not have the power, it ought to have it, and it is within the ability of this Government to provide that power. I feel certain the Senator would concede that the Federal Communications Commission has the power to determine what a fair rate of return for interstate telephone service should be. I assume he would agree to that.

Mr. KERR. Every telephone company that I know about is regulated within the State in which it is located; and the rates within that State are regulated by the State regulatory body.

Mr. LONG of Louisiana. What State can regulate interstate rates?

Mr. KERR. The States come a little nearer to controlling rates, under our laws, than the Federal Communications Commission could regulate unilaterally with reference to messages coming from or received by a foreign entity.

Mr. LONG of Louisiana. It is the Federal Communications Commission which fixes rates for calls transmitted across State boundaries; the State commissions do not fix those rates.

Mr. KERR. The Senator from Oklahoma is of the opinion that the Federal Communications Commission has met its responsibility in connection with the regulation of communications services within the United States.

Mr. LONG of Louisiana. The FCC does not so contend, and has not so contended. The FCC, testifying before the subcommittee over which I had the opportunity to preside, stated that they have not done the job because they have not had sufficient personnel with which to do it. They have said the companies have voluntarily agreed to reduce rates. The only rate reductions have been voluntary rate reductions. The probability is that there would have been more rate reductions if the FCC had had the personnel to enable it to go to court and contest the rates.

Mr. KERR. I feel certain the Senator is aware that the interstate rate has declined from 14 to 16 percent in the last 20 years, while the cost of operation has doubled and trebled. I am sure the Senator is aware of that.

Mr. LONG of Louisiana. I am not impressed by that statement.

Mr. KERR. I am sure he is aware of the fact that that situation exists by reason of orders of the Federal Communications Commission.

Mr. LONG of Louisiana. The companies agreed to reduce the rates. They had been requested to reduce rates. They consented to some requests. But contesting in the courts to determine what is a fair rate has never been done by the FCC. That should be the first thing to be done in order to determine what is a fair rate. The Commission testified before our committee that that would be a burden upon it.

Mr. KERR. Did not the FCC take the position that it had done all it could in the field of its responsibility with the funds made available to it?

Mr. LONG of Louisiana. In effect, with the funds made available, but saying also that they never had sufficient funds with which to do the work.

Mr. KERR. The Commission has brought about, by one means or another, over the last 15 or 20 years, sizable reductions in the rates for interstate communications, and those rates are now in effect by reason of orders of the FCC. Is not that correct?

Mr. LONG of Louisiana. The Senator may believe that the rate has been correct all the time, but I point out to him that some lawyers at the General Services Administration were accorded an opportunity to contest some of the interstate rates, and they obtained reductions amounting to $150 million on the rates which the Government was paying. So the rates must have been high if a reduction of $150 million was accomplished.

Mr. KERR. It must have been the action of the Federal Communications Commission that accomplished that result.

Mr. LONG of Louisiana. It was the General Services Administration which undertook to protect the Government in this instance, to say what the rate base should be.

Mr. KERR. In what court?

Did the courts fix the rate or did the Federal Communications Commission fix the rate? Can the Senator from Louisiana mention a case in which a Federal court has fixed an interstate communication rate?

Mr. LONG of Louisiana. I wish to give the Senator an example of how the $150 million was saved.

Mr. KERR. Does the Senator from Louisiana say it was not done in the forum of the Federal Communications Commission?

Mr. LONG of Louisiana. I believe the matter was taken into the court. I shall be happy to supply that information.

Mr. KERR. Was the rate fixed by the court?

Mr. LONG of Louisiana. I believe the matter did go into the court.

Mr. KERR. I understand; but I am asking where the rate was fixed.

Mr. LONG of Louisiana. It is my understanding that the matter involved taking the question to court.

Mr. KERR. Then the rate was fixed by the court, was it?

Mr. LONG of Louisiana. I shall undertake to provide the Senator from Oklahoma with the exact information.

Mr. KERR. I would be very grateful to the Senator from Louisiana if he would show me an instance in which a Federal court has fixed an interstate communication rate.

Mr. KEFAUVER. Mr. President, if the Senator from Louisiana will yield, let me say that my recollection of the event was that the General Services Administration was in the courts, appealing from the rates which had been fixed, and that perhaps as a result of the appeal, the rates eventually were reduced by the FCC. But it was necessary to go into court and intervene, in order to get the rates reduced.

In any event, the original rate in several cases, particularly in the DEW line case and the SAGE line case, was many millions of dollars above what eventually was decided upon, insofar as the Government was concerned.

Mr. LONG of Louisiana. I thank the Senator from Tennessee.

Mr. KERR. Will the Senator from Louisiana now say whether the rates in effect are those fixed by the FCC or by the courts?

Mr. KEFAUVER. Mr. President, at this point will the Senator from Louisiana yield again to me?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. As I recall, Mr. Minow testified, not only before the Small Business Committee—and the Senator from Louisiana was chairman of the subcommittee—but also certainly he testified before the Antitrust and Monopoly Subcommittee, and perhaps he testified before other committees. He did not question that there were methods by which they would have some control over international rates, but he testified that all of these years they had fallen down on their job, and had done nothing about the rates; and he said they hoped to do better in the future, but said they had not had sufficient manpower or sufficient funds, and so forth.

But I wish to call attention to the fact that in connection with the pending bill, apparently the Commerce Committee feels that the FCC has, at least to some extent, charge of the rates, or has the right to do something about the rates, because we find that, on page 28 of the bill, subsection 5 gives the Federal Communications Commission the power to—

(5) prescribe such accounting regulations and systems and engage in such ratemaking procedures as will insure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communication services;

So if the Commission did not have authority over at least part of the communication services, it would not be able to do what the mandate of the bill requires it to do. That language is to be found beginning at the bottom of page 28 of the bill.

The committee found that apparently the FCC wants to have the right to engage in ratemaking procedures in connection with the communication satellite system.

Mr. KERR. I say to the distinguished Senator from Tennessee that the FCC has authority to regulate what the American company can make, but does not have authority to fix the rates of charge for the transmission of international communications and the rates at which they shall be paid for. The Senator from Tennessee, able lawyer that he is, knows that an American regulatory body cannot fix a rate which would be binding upon another government, which has just as much to do with the receiving and sending of messages internationally as does a facility under the control of a regulatory agency of the U.S. Government.

Mr. KEFAUVER. Of course they could refuse to operate if an agreement were not reached. But this bill holds out to the public the hope that the FCC will engage "in such ratemaking procedures as will insure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communication services."

Mr. KERR. I think that is entirely correct, to the extent that it is under the control of the sovereignty of this Government.

Mr. KEFAUVER. I think this provision was in the bill which the distinguished Senator from Oklahoma introduced, which thereafter was before the Commerce Committee. If I am not mistaken, this language is taken from the Senator's bill.

Mr. KERR. That is easily ascertainable. If the words in question are printed in italic, they were not in the bill when it was originally introduced.

Mr. KEFAUVER. I think this language was in the Senator's bill.

Mr. KERR. I think the Senator from Tennessee is correct.

Mr. KEFAUVER. At any rate, the Commission, the Senator from Oklahoma, the FCC, and apparently the Space Committee all thought the FCC did have some authority to engage in the ratemaking procedure.

Mr. KERR. It has jurisdiction to determine what charge a U.S. carrier can make, but it does not have jurisdiction to determine what shall be the charges for international communications.

Mr. KEFAUVER. But it has a great deal of control over them. If they cannot adjust the matter between themselves, they can deny the American companies the right to use them.

Mr. KERR. That is correct.

Mr. KEFAUVER. That is all the more reason why the Government must initiate these matters, because if a great many of them have to be negotiated at the same time, insofar as the question of rates is concerned, we encounter a situation similar to the one the Senator from Oregon [Mrs. NEUBERGER] described in her reference to postal rates, which do become subject to Government procedures.

If the FCC is not to have something to do with these rates, we are talking about something very different from what the American people understand.

Mr. KERR. The Senator knows that the Senator from Oklahoma is willing to vote on and to meet the issue of private ownership versus public ownership whenever the Senator from Tennessee is willing to have the vote taken.

Mr. KEFAUVER. We shall discuss that a little later.

Mr. KERR. I understand. But if the Senator from Tennessee is serious about it, I am perfectly willing to request the entering of a unanimous-consent agreement to limit debate on this question, and to do so to whatever extent the Senator wishes, and then have the Senate proceed to vote.

Mr. KEFAUVER. The Senator from Oklahoma is evidently ready to proceed to vote on any matter, particularly one in connection with a subject on which he has great knowledge, even though not all the rest of us do.

Mr. KERR. The Senator looks very scared, to me. I wish to ask him—and to ask him in the forum in which he now stands—about the need to be afraid of anyone—which is the exact state of mind at the moment.

Mr. KEFAUVER. I wish to say that when we reach the stage the Senator is discussing, I hope he will be here.

Mr. KERR. I expect to be.

Mr. KEFAUVER. I hope the Senator will then be here a good part of the time—but not too much of it.

Mr. LONG of Louisiana. Mr. President, insofar as the Communications Act of 1934 is concerned, I can see no difference between giving the Commission the power to regulate interstate commerce and giving it the power to regulate foreign traffic.

I see that section 1 of the 1934 act begins as follows:

SECTION 1. For the purpose of regulating interstate and foreign commerce in communication by wire and radio—

And so forth. And in section 201 it is provided:

TITLE II—COMMON CARRIERS

SERVICE AND CHARGES

SEC. 201. (a) It shall be the duty of every common carrier engaged in interstate or foreign communication by wire or radio to furnish such communication service upon reasonable request therefor; and, in accordance with the orders of the Commission, in cases where the Commission, after opportunity for hearing, finds such action necessary or desirable in the public interest, to establish physical connections with other carriers, to establish through routes and charges applicable thereto and the divisions of such charges, and to establish and provide facilities and regulations for operating such through routes.

(b) All charges, practices, classifications, and regulations for and in connection with such communication service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is hereby declared to be unlawful:

That is only the opening section of that subsection, but I shall be glad to make it available to the Senator. In my judgment, it gives the Federal Communications Commission power to regulate oversea rates.

I have discussed this subject previously, but I should like again to list for the RECORD instances in which the Federal Communications Commission failed to regulate rates.

Second. The Federal Communications Commission has never even determined the basis upon which such return should be computed.

Third. The FCC has never had a formal rate case involving interstate or international telephone rates.

Fourth. The FCC has never known the costs to A.T. & T. of equipment sold to it by its subsidiary, the Western Electric Co., which produces almost all equipment used by A.T. & T., which equipment is sold without competitive bidding.

Anyone familiar with rate regulation knows that the FCC does not know what the fair rate of return is when it does not know what the fair cost is, because a fair rate of return is based on the total investment, and on that basis a rate

structure is established which is fair to all users. If the Federal Communications Commission has never determined the value of the equipment American Telephone & Telegraph Co. is buying from its wholly owned subsidiary, Western Electric, it could not possibly know what a fair rate would be.

Mr. KEFAUVER. Madam President, will the Senator yield on that point?

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Does the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Several representatives of telephone cooperatives appeared before the Antitrust and Monopoly Subcommittee, and, as I recall, several appeared before the Senator's Small Business Committee. They testified they were able to buy good equipment, of high quality, which fitted in with the general communications system, and interchanged, of course, with the Bell System, from others companies at very much lower prices than Western Electric charged for equipment. As a matter of fact, they bought the equipment under competitive bidding, but Western Electric usually does not see fit to bid competitively, because the prices of its equipment are higher.

The prices at which Western Electric sells equipment to the Bell System have been substantially unregulated. Perhaps the Bell System argued occasionally about getting prices of Western Electric down. But those prices have been charged to the users of the telephones. There has never been a cost study of whether or not the Bell System is paying reasonable prices for the equipment.

Western Electric Co. has been making very substantial profits. If it can make 10 or 12 percent on net worth, after taxes—which is the range within which it has been making profits—that fact accrues to the benefit of A.T. & T. So it is to the benefit of the Bell System to pay higher prices for what it buys from Western Electric.

Mr. LONG of Louisiana. In other words, it is to the advantage of the purchaser and the seller. Inasmuch as American Telephone & Telegraph Co. owns Western Electric, it is to the advantage of both Western Electric and American Telephone & Telegraph Co. that the seller should sell for a higher price, and the buyer should buy for a higher price.

Mr. KEFAUVER. That is correct. I am sure the Western Electric people are fine people, but I know the Senator from Louisiana is familiar with the fact that the Senator from Arkansas [Mr. MCCLELLAN] and his committee have brought out the fact that on three or four Government contracts—the Nike-Zeus project—on which Western Electric did nothing except sublet them to someone else, it made a profit of $67 million. Western Electric did substantially nothing of its own in connection with the contracts except to relet the contracts to somebody else.

The bill provides that the FCC may order competitive bidding. Of course, the FCC could have ordered competitive bidding all these years, if it had wanted to, and could have required the Bell System to buy competitively. Merely giving the FCC permission to require competitive bidding is meaningless, because it has had that right all along, and has never so required, to my knowledge.

Mr. LONG of Louisiana. If I may give a simple illustration so far as rates are concerned, the telephone I have in my home or that the Senator from Tennessee has in his home is not owned by me or by him. It is owned by the Bell System. We pay for the use of that telephone. If that telephone were to be valued at $100, Bell would be entitled to make a 6½-percent return on that telephone on its rate structure, which would be $6.50 a year for the telephone being in my home or the Senator's home. If that telephone were worth $50, Bell would be entitled to make $3.25 a year, based on a 6½-percent return. That is a matter which the Federal Communications Commission has the authority to go into, but which it has never done in 28 years.

I would like to finish the statement of the areas in which FCC has failed to regulate American Telephone & Telegraph Co. for a period of 28 years, ever since the Commission was established.

Sixth. The FCC has never determined the reasonableness of the service rates charged by A.T. & T. for carrying television programs, both black and white and color.

Seventh. The FCC has never determined the reasonableness of the entire telephone rate structure; that is, the internal relationship of rates.

Eighth. The FCC, even though its staff made definitive recommendations that action be taken toward a possible rate reduction, has not been willing to institute a formal rate investigation to determine whether the system's rates are unreasonably high.

Ninth. The FCC, for over 25 years, was not willing even to authorize the staff to negotiate on an informal basis with the Bell System in order to obtain a voluntary rate reduction.

Tenth. The FCC has never required A.T. & T. and its operating subsidiaries to buy telephone equipment or any equipment under competitive bidding; 85 percent of the market has thus been closed to competition.

Mr. KERR. Madam President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. KERR. Is the Senator aware of the provision of the pending bill which states:

> The Federal Communications Commission, in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this act, shall (1) insure effective competition, including the use of competitive bidding where appropriate, in the procurement by the corporation and communications common carriers of apparatus, equipment, and services required for the establishment and operation of the communications satellite system and satellite terminal stations.

Is the Senator aware of the fact that the bill is mandatory in that effective competition shall prevail in the procurement by this corporation?

Mr. LONG of Louisiana. I would hope it would be more effective than the present burden on the FCC to do that sort of thing, because, in my judgment, the FCC has the duty to require that the equipment purchases from Western Electric will cost no more than it would cost if it were purchased on a competitive basis.

Mr. KERR. The Senator from Oklahoma is not talking about the present situation; the Senator from Oklahoma is talking about the provisions of this bill.

Mr. LONG of Louisiana. I agree with the Senator that this provision undertakes to place a mandate upon FCC to do exactly what the Senator contends. I can only say that it might be well that we should consider striking the words "where appropriate" if this section is to remain in the bill. The words "where appropriate" are used.

Mr. KERR. That is not the extent of the provision. It states that the FCC "shall insure effective competition, including the use of competitive bidding where appropriate." It does not provide that there shall be "competition where appropriate," but that the Commission "shall insure effective competition, including the use of competitive bidding where appropriate."

Mr. LONG of Louisiana. I believe the colloquy makes it clear that this language does not mean that the Federal Communications Commission would be required in all cases to insist upon competitive bidding.

The point I make is that the ineffectual record of the Federal Communications Commission, insofar as regulating this great company is concerned, is well known, and causes this Senator—and I am sure a great many other Senators—to doubt very much that the Federal Communications Commission would be able to give the same results which would be achieved if there were one system vigorously competing with another.

Mr. KERR and Mr. KEFAUVER addressed the Chair.

Mr. LONG of Louisiana. I yield to the Senator from Oklahoma.

Mr. KERR. The Senator from Louisiana is aware of the language in the hearings, from page 391 through page 398, in which the history of the regulation of the communications companies by the Federal Communications Commission is set forth.

Mr. LONG of Louisiana. I shall be glad to study that portion of the hearings. I refer the Senator to the 62 pages in our committee hearings, in which the Federal Communications Commission conceded that the statements I have made are correct.

Mr. KERR. That the Commission had inadequate resources to do what it would like to do?

Mr. LONG of Louisiana. That the work had not been done. It was not merely that the Commission did not have the resources, but also that it had not done the needed work.

Mr. KERR. I invite the Senator's attention to this language:

> Message toll telephone rates: Since 1934 there have been a substantial number of

rate reductions. Practically all of the reductions resulted from action initiated by the Commission. Generally, the action was informal, involving discussion and negotiation. On three occasions, the commission instituted formal investigation and hearings which were terminated by Bell agreeing to settle without going to hearing.

The Commission sets forth this language also:

We think this record indicates that informality in procedure cannot be equated with ineffectiveness in achieving results. Nor are informal procedures necessarily less effective than the more time-consuming formal procedures.

That is the unanimous statement by the Federal Communications Commission.

Mr. LONG of Louisiana. They can attempt to excuse themselves on that basis if they wish. Before the Subcommittee on Monopoly of the Select Committee on Small Business the excuse was that the Commission did not have a sufficient number of employees to do the job. They did not attempt to contend that there never should have been a formal determination of what the rates should be.

Mr. KEFAUVER. Madam President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Tennessee.

Mr. KEFAUVER. A few minutes ago in the colloquy with the distinguished Senator from Texas and the distinguished Senator from Oklahoma, reference was made to the abandonment of the Advent program. The Senator's statement was to the effect that the Defense Department decided to replace the Advent satellite.

Mr. KERR. Madam President, will the Senator yield? The Senator from Oklahoma did not say it had been abandoned. The Senator from Oklahoma said that the witnesses testified there had been a reorientation of the program.

Mr. KEFAUVER. I did not have the privilege of hearing Dr. Brown's testimony.

Mr. KERR. The Senator said that at this time the Defense Department was in the posture of seeking to put communications satellites in orbit a medium distance from the earth, not because they had abandoned their effort for the synchronous satellite at 22,000-plus miles, but because as of this moment they do not have either the rocket power or the know-how to put the satellite out and in orbit at 22,000-plus miles. They did not take the position that the effort was abandoned, nor did the Senator from Oklahoma say they had abandoned it.

Mr. KEFAUVER. Of course, the Advent program is the Army program. The Army is very unhappy about the fact that the program proper has been taken away from the Army, so far as the satellite is concerned, and the Army has been left with only the ground stations.

I have had an opportunity to talk with several persons about this subject although I did not hear Dr. Brown's testimony.

I believe the facts are well set out in an article by John W. Finney, published in the New York Times, datelined June 11. The article states that the satellite proper was taken from the Army and placed with the Air Force. It would be interesting to find out why it was done and what it was all about. It was claimed that the Defense Department did not have the rocket power to put the 1,300 pound Advent satellite into orbit at 22,300 miles, but that the new high altitude satellite would weigh about 500 pounds and could be launched by the well-tested Atlas-Agena B rocket.

It is my understanding that, in the reorientation of the Syncom system or the Advent program in the Defense Department, the size of what it is now expected to put into orbit has been reduced from 1,300 pounds to 500 pounds. This in no way suggests that the high altitude satellite is not a better means of communication or a less expensive or less complicated one than the low orbit satellite system.

Mr. Finney's article is fairly short. With the permission of the Senator from Louisiana, I ask unanimous consent to have it printed in the RECORD.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that that may be done without prejudice to my rights to the floor.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Is there objection to the request of the Senator from Louisiana?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PENTAGON SUSPENDS ARMY SPACE WORK ON RADIO SATELLITE

(By John W. Finney)

WASHINGTON, June 11.—The Defense Department ordered a major reorganization of the military communications satellite program today. It canceled an Army project that had fallen far behind schedule and replaced it with two less ambitious satellite projects.

As part of the technical redirection of the communications satellite program, the Defense Department also ordered a management reorganization that consolidated the Air Force's primary jurisdiction in space and, in effect, grounded the Army, which opened the U.S. space effort more than 3 years ago.

Project Advent, a communications satellite program on which the Army has spent about $170 million in the last 2 years, was canceled.

Its objective was to develop a "synchronous orbit" satellite that at an altitude of 22,300 miles would move at the same rate as the earth's rotation, and thus remain over the same spot on the Equator. In principle, three such satellites would be able to handle much of the global communications of the military.

SMALLER SATELLITE SLATED

In the last year, however, Project Advent has been beset by technical difficulties in the satellite and Centaur launching rocket, by delays in its schedule and by rising costs. The Advent system originally was scheduled to go into limited operational use by 1964, but the latest estimates were that this target date could not be reached before 1966.

As a result, the Defense Department decided to replace the 1,300-pound Advent satellite with a smaller satellite with somewhat smaller communications capacity. The new high-altitude satellite will weigh about 500 pounds and will be launched by the well-tested Atlas-Agena B rocket.

In addition, partly as technical insurance, the Defense Department ordered development of a medium altitude communications satellite, similar to the 150-pound Relay satellite already under development by the National Aeronautics and Space Administration for a global commercial system.

Both the synchronous and medium altitude satellites are designed to serve as relay stations in space, much like microwave towers on earth, for receiving and transmitting radio signals between distant points.

The Army, which since September 1960 has had the management responsibility for the communications satellite program, will in the future be restricted to developing and operating the ground stations.

According to Defense officials, one of the principal difficulties in the Advent program was interservice friction between the Army, responsible for the satellite payload, and the Air Force responsible to developing the launching system and satellite vehicle.

The management and technical difficulties came to a head when the Centaur rocket, under development by the civilian space agency, began slipping a year and more behind schedule.

Faced with a 2- or 3-year delay in the Advent-Centaur combination, the Defense Department finally decided to save time by turning to a smaller satellite and launching rocket. Both the high altitude and medium altitude systems are expected to be in limited operational use by 1964.

Defense Department spokesmen were unable to say how much of the $170 million spent on Advent would be lost, except to point out that some of the technology would be incorporated into the new satellite.

The effect of the Defense Department decision will be to eliminate 1,100 jobs at the General Electric Corp. plant in Philadelphia, where the Advent satellites were to be built. A company spokesman said other jobs would be found for 500 to 600 persons involved. Also affected was the Bendix Co. plant at Ann Arbor, Mich., where the communications package was being developed.

Both companies, Defense spokesmen pointed out, will be eligible to bid on the new satellite projects.

Mr. LONG of Louisiana. Mr. President, in line with the statements made about placing the high altitude satellite in orbit, I noticed an article in today's New York Times, dated June 18, which reads as follows:

The space agency took steps today toward development of a second generation of "synchronous orbit" communication satellites capable of relaying television signals and telephone calls between continents from an altitude of 22,300 miles.

The National Aeronautics and Space Administration said it was negotiating a $2,500,000 contract with the Hughes Aircraft Co. for a study of problems involved in perfecting such a satellite.

The modernized satellite would go into an equatorial orbit and, because its speed would match that of the earth's rotation, would seem to be stationary in the sky.

My advice, on an informal basis, from the Hughes Aircraft Co. people, is that they believe the present Atlas-Agena missile is all that is necessary to put the satellite in orbit. I believe that corresponds with the statement by the Senator from Tennessee that it should be possible to put a 500-pound satellite into orbit when the satellite is ready to be launched.

Mr. KEFAUVER. The Hughes Aircraft Co. representatives testified before our committee. They had their model about finished. I believe they stated that within a little more than a month they would have the Mark II model ready and that the present rocket power

was sufficient to place into orbit the larger synchronous satellite which they are making. As I recall, this is also the satellite which they said would have 1,200 channels; and they said that even with the use of only 40 channels it should be a profitable operation.

Their testimony was that the better system could be put into orbit and made operational as quickly as or more quickly than could the low orbit Telstar system.

Mr. KERR. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. KERR. There is nothing in the bill that provides that the corporation shall use a synchronous satellite system, an intermediate satellite system or a low orbital satellite system that I know of.

Mr. LONG of Louisiana. When Congress passes a bill to establish a program of the kind proposed, it seems to me that Congress should anticipate what would happen if the bill were passed. If a Senator believes that passage of the bill would be in the best interests of the country, he will vote for it. If he believes that the results would not be desirable, he will vote against it.

Mr. KERR. I say to the Senator that neither the Defense Department nor NASA nor the private enterprise group that has been before our committee has attempted to establish which system ultimately will be the one that will be used.

Mr. KEFAUVER. Mr. President, will the Senator yield to me on that point?

Mr. KERR. Certainly, an effort is being made by the Hughes people. It is not something that has been recently negotiated. As the Senator from Tennessee has said, the company has been engaged in the development of the synchronous satellite for a number of years. The only difference between that and the Telstar satellite which is being developed by the American Telephone & Telegraph Co. is that the Government is paying for the Hughes synchronous satellite, and the American Telephone & Telegraph Co. is paying its own bill on the Telstar or the intermediate-range satellite system.

Mr. LONG of Louisiana. Yes; they are paying their own bill, but they certainly have in mind getting back their expenses, as from bread cast upon the waters.

Mr. KERR. I do not presume that the Senator would be opposed to that.

Mr. LONG of Louisiana. Within reasonable limits I am not opposed to any company making a good profit. I am in favor of their making a fair profit. But I am also in favor of competition between an existing system and any future system that may be developed, because I believe that is the way the best interests of our country will be served.

Mr. KERR. There must be competition not only between American companies and those who want a synchronous orbital system and those who want an intermediate-range system, but also there is critical competition with reference to delay caused by retarding the passage of the proposed legislation. There will be the most critical competition between this country and Russia to see which nation will first have a workable system of communication satellites in operation, whether it be a synchronous satellite system or an intermediate-range system.

Mr. LONG of Louisiana. I hope the Senator does not have the impression that only A.T. & T. is able to do it.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. KEFAUVER. Of course, we want every company to work on its own. A.T. & T. has been doing some work with the Telstar, but the Government plans to help out in part of that project also, as I am sure the Senator from Oklahoma knows.

Mr. KERR. The Senator from Oklahoma knows that the Government has no plans to pay for any part of the Telstar satellite. It has not paid for any part of it, it has not been asked to pay for any part of it, and it will not pay for any part of it.

Mr. KEFAUVER. I am talking about supporting ground stations in connection with the Telstar, which undoubtedly will come out before the debate has concluded.

Mr. KERR. A.T. & T. is building its own ground stations.

Mr. KEFAUVER. Not all of them. The Air Force is planning to lease stations.

Mr. KERR. Certainly; the Air Force is retaining a reservation in the pending bill and in existing law.

Mr. LONG of Louisiana. Not in the present bill.

Mr. KERR. They have their own system of communication satellites; and no committee that considered the bill sought to take that right away from the Defense Department, because that is a part of the defense program of our country. I am sure that the Senator from Tennessee, under the authority of Congress, would not want to prevent the Defense Department from proceeding to do what it feels is required for the defense of the country in the matter of building its own communication satellites. But it specifically states that it does not want to build them for commercial use.

Mr. KEFAUVER. Of course, everyone wants the Defense Department to do what it should. I was talking about the Defense Department participating in the ground stations of the Telstar. I ask the Senator if it is true that 52 percent of the cost of the operation would be charged off as a result of what the company would have to pay in taxes? The other part of it would go into the operating base upon which it charges its customers.

But the reason I agree with the Senator that the proposed corporation would have in mind a low satellite system is that all the testimony has indicated that that is what they are interested in. Witnesses have testified before the FCC in favor of the Telstar system. Officials or former officials of A.T. & T. have disparaged the high synchronous system, the Advent system.

In the departments of Government—and even in Congress, I am sure—there are some very fine former employees of A.T. & T. who are using all the influence that they can to run down and to disparage the Syncom system, and to sell all the agencies with which they are doing business on the Telstar system, which, as General Sarnoff has said, will be outmoded before it ever gets into use. Taking the record as a whole, there can be no doubt, that that is what they are experimenting with. That is what they are urging the Government, inside and out, to do. By the time that they get it done, the Soviet Union, as well as perhaps the Japanese and others, will undoubtedly have a high Syncom system. We shall be left out in the dark.

Mr. LONG of Louisiana. As a practical matter, there is nothing in the bill, to my knowledge, that provides that the stockholders of A.T. & T. cannot buy all the stock they wish in the proposed corporation, even though it would not permit those who are under the direct control, such as the employees or the officers, to own stock, other than that which is reserved for the communications common carrier. Fifty percent of all the stock would be set aside for the communications common carriers, as provided in the bill. Half the stock would be blocked off in the beginning. If the corporation goes as I predict it will go, if it is organized under the bill as a low altitude system, it will then proceed into an enormous money-losing operation. It could be expected to lose great amounts of money. Then the FCC, in trying to raise additional money, and the corporation in seeking to raise additional money, with the directors of the communications common carriers voting for it, would be expected to call upon the communications common carriers, of which 90 percent of the economic power would be in American Telephone & Telegraph, and they would then proceed to put up money for bonds and indentures, which could be a part of their rate base, on which they could earn a 6½ percent return or perhaps a greater return than that.

That would mean that the corporation would be dependent upon A.T. & T. for both the money that was loaned and much of the capital structure of the company. If the company could not make money, what would the corporation do with regard to its holdings of bonds? The equity would be wiped out if it did not come up with more money. That is an unanswered question. Surely the company would be placed in a position in which it would be completely dependent upon the American Telephone & Telegraph Co.

By contrast, if the corporation were organized to provide for the use of the sychronous orbital satellite, it is possible that it would be making money in the first year of its operation.

Mr. KEFAUVER. Even Mr. Katzenbach, Deputy Attorney General, who testified before the Committee on Commerce, the Space Committee, and the Antitrust and Monopoly Subcommittee, said that in his opinion A.T. & T. could dominate the corporation, whether it controlled the election of any director or not.

If they controlled a large majority of the financing they would dominate it, regardless of whether they had the right

to elect even one director. That is his testimony throughout.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mrs. NEUBERGER. The Senator has touched on a point in respect to rate structure that has always interested me. I have cited it quite frequently to indicate to the consumer that he is better protected under the FCC than under his local utilities commissioner.

I pointed out that in my State telephone users look at the rates in the telephone book and observe the rates from Portland to Boise, Idaho. The telephone wires, in a beeline, would appear to go from the town of Baker, which is about 300 miles east of Portland, and about 200 miles west of Boise.

However it is much cheaper for me to telephone to Boise, Idaho, than it is to Baker, Oreg., which is en route. The same thing happens when I call Seattle. It is cheaper to call Seattle from Portland than it is to call a town in the valley.

Perhaps the Senator could explain to me why it is that where the FCC controls rates, such as interstate rates, the rates are cheaper than when the rate fixing is left up to the State utility commission, which perhaps is under political pressure?

Mr. LONG of Louisiana. I believe that the Senator from Oregon will find that in some cases that situation can be justified so far as the local commission is concerned. In other words, it can be contended by the local public utility commissioner that he is seeking to make the local service charge low for the housewife by fixing a higher intrastate rate for long distance telephone service. Inasmuch as he does not have authority to regulate the rate beyond the State boundary, he can contend that if he had the power to do so he would make the distance rate even higher than it is in order to make the rate still lower for the housewife for her local calls. That is one argument.

In addition, I believe there is another factor, and that is, while in some cases the rate may be higher when a call is made beyond the State line, sometimes it is, on the average, lower on a per mile basis. In other words, sometimes to call a thousand miles might cost only two or three times as much as it does to call a hundred miles. Of course that can be justified on the basis that there is an efficiency involved by placing a long call similar to the efficiency that exists when one buys a ticket on an airplane, in that the overhead is taken care of in getting the passenger on and off the plane for a short trip just as it is for a long trip.

There are greater efficiencies involved in making a long call than there are in making a short call.

When the Senator speaks about it actually costing more to call beyond a State boundary, even though the call goes through the very town which has a higher rate, that situation, too, can often be justified on the basis that the State commission is required to permit an overall fair return for the investment. In doing this it might have undertaken to load the intrastate rate with heavy charges for long distance calls within the State in order to make the local service charge low.

However, it might not follow at all to say that that means that the interstate rate is more reasonable than the intrastate rate. As a practical matter, it is my understanding that long distance rates, both intrastate and interstate, are required to carry much of the cost of the local service for the use of the telephone. The commissions generally have recognized that fact in fixing their rates.

Mrs. NEUBERGER. The able Senator has been presenting this afternoon a very compelling case for opposing the bill as presented to the Senate. I have listened intently because I am not a member of the committee, and I am one who has been slowly dragged into the space age. It took me a long time to realize that we were going to reach the point that we have reached today, where we would be considering such a practical use of outer space. I am a little bit concerned and confused as to why we are spending this time today discussing the FCC to such a great extent. Is it because the bill charges the FCC with regulating rates in case Congress should give to the corporation this use of the satellites?

Mr. LONG of Louisiana. That is one of the principal reasons. I should also like to establish, insofar as I can, that regulation has not proved a completely acceptable substitute for competition in industry. Where competition is available it is more desirable than regulation. It does seem to me it is necessary to understand how these rates are fixed in order to understand the regulating process and to see what the problems have been in trying to fix proper rates for the Bell System.

Mrs. NEUBERGER. I was interested in the discussion of the regulatory agency, because in speaking to consumer groups I always contend that the Government has set up protection for the consumer in the regulatory agencies. I look to the FCC as one of these regulatory agencies. However, when we look back over the history of the regulatory agencies, do we not find that they vary a great deal according to the administration which is in power and seem to reflect the situation that what one Federal Communications Commission might do another might not do? Therefore it seems to me there is a variation in that respect.

Mr. LONG of Louisiana. Yes; that is true. I might say that from boyhood I have had some impression as to what a commission could do or could not do with regard to rates. My father was a public service commissioner during my boyhood. He represented the State in public utility cases thereafter. On occasions he went to court with a telephone company about the rate. One thing that has impressed me is that the Federal Communications Commission has never gone to court with the companies. I recall a conversation that my father had one time when he was negotiating with a telephone company representative. He said to the representative, "You will have to reduce the rate by a certain amount."

The answer was unfavorable.

My father said, "Now, you have until noon tomorrow to set it at that rate, because after that I am going to sue for twice that reduction."

As a result of the lawsuit the rate was reduced by the amount that my father thought it should be reduced.

I can only say that interstate rates have been only what the telephone company would agree to. Had the FCC instituted a formal hearing to determine what the proper rate base should be and to determine what the proper rate of return should be, and had fixed the rate based on those factors, the rate would have been lower than it has been. At the same time, I would not propose to dispute the fact that some of the increases granted back to 1953 might be justified. Unless one has gone into the facts, he would not know.

If the Senator from Oregon were sitting on the Federal Communications Commission and never had assessed the value of the properties involved and never had made a formal determination of the fair rate of return, or what the base rate should be, she would not know what the charge should be. If one did not know what the figure of the multiplier or the multiplicand was, how would she know what the product would be? That is the situation in the FCC. They never have gone into this matter that deeply. They have contended that they have not had sufficient staff to go into it deeply enough to make a definitive determination of what that rate base should be.

Mrs. NEUBERGER. I thank the Senator.

Mr. LONG of Louisiana. I thank the Senator. That is one reason, it seems to me, why competition might provide us with a more effective means of getting a rate reduction than merely to rely upon regulation by the Federal Communications Commission.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. BARTLETT. In my opinion, the Senator from Louisiana is making a simply magnificent speech, one which needs to be made. The Senator is possessed of much technical information concerning the whole plan and program. I am not, so my question may appear to be rather amateurish. Nevertheless, I shall ask it.

If the bill were to become law, as it relates to private corporations, who would own the satellite or satellites?

Mr. LONG of Louisiana. According to the bill, the Space Communications Corporation would own the satellites put up by this Nation. It appears to me that this would afford an opportunity for control by the existing network, dominated by A.T. & T.

Mr. BARTLETT. The network would control the satellite or satellites. Would the network likewise control the ground stations?

Mr. LONG of Louisiana. According to the bill, the ground stations could be owned either by the communications

companies or by the corporation which owned the satellite. The bill provides that either entity would be authorized to own the satellite, without preference, insofar as they wished to do so.

It seems to me that under the bill the satellite corporation could be left completely at the mercy of A.T .& T., because A.T. & T., if it wished to do so, would have the privilege of either erecting or not erecting its own sending set and of communicating its messages by either its own microwave or submarine cables or by putting them against the satellite. I should imagine that it would decide to use, for the most part, its own facilities insofar as it could use them.

I am sure the Senator from Alaska knows that A.T. & T. now purchases practically all of its equipment from Western Electric, one of its own subsidiaries. Eighty-five percent of its equipment is purchased from Western Electric.

Mr. BARTLETT. But the public would not own either the ground station or the satellites?

Mr. LONG of Louisiana. No; but I predict that the public will have the opportunity to pay for them either as taxpayers or as users of the facilities.

Mrs. NEUBERGER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield to the Senator from Oregon, provided I do not lose my right to the floor.

Mrs. NEUBERGER. The Senator from Alaska has reminded me of an interesting situation, as we talk about the telephone company and its willingness to develop facilities on its own responsibility. In other words, the telephone company is a corporation that operates for profit. I recall the time when the telephone company evidently did not think it would be profitable to operate its own telephone system in Alaska. Did not the inhabitants of that north country depend for a long time upon the Signal Corps for communications?

Mr. BARTLETT. Yes; for military and civilian communications, the people of Alaska depended very largely and for considerable periods of time in the early days of the century exclusively on the Signal Corps of the U.S. Army. Quite obviously, that was public ownership. At the same time, I am glad to pay a testimonial to the Signal Corps—the Alaska Communication System, as we call that branch of the Signal Corps—for their highly efficient service to the public. The Alaska Communication System became a part of the Alaska community. This is most interesting to me, as we have talked about this proposal in a more specific way in the last few days.

Bills have been introduced in the last several Congresses to dispose of the Alaska Communication System to private interests. For whatever reasons, those bills have never come before the Committee on Armed Services of either the House or the Senate for a hearing. There has been a fear in Alaska, one with which I am familiar, that if a sale of the system were to be consummated, and the system disposed of to a private communications company, the result might be that the private company might be willing to serve the main centers of population, but the little places, which have been taken care of by the Alaska Communication System, would no longer be included in the communications network.

Before those who would have a voice in such a transaction, as representatives of Alaska, would be willing to agree to any such proposition, it would have to be sealed in the bond that the little places as well as the big places would continue to receive communications service. We would not want the private operator to take the cream of the business, as it were. I think there is at least a rough parallel between that situation and the one we are discussing today, and I thank the Senator from Oregon for having brought it up.

Now I wish to ask the Senator from Louisiana if he knows how much a satellite would cost.

Mr. LONG of Louisiana. The cost would be considerable; it would run into millions of dollars.

My impression is that the cost would be about $10 million for three satellites, for the synchronous system.

Mr. BARTLETT. For the high-altitude system?

Mr. LONG of Louisiana. Yes.

Mr. BARTLETT. How would they be launched?

Mr. LONG of Louisiana. By the missiles provided for that purpose. I understand that for the synchronous system the missiles we now have would be adequate.

Mr. BARTLETT. Would the private corporation to be formed under the provisions of this bill build the launching site and the launching equipment to send the satellites into space?

Mr. LONG of Louisiana. No. They would be launched by using the facilities the United States possesses at Cape Canaveral, as I understand.

Mr. BARTLETT. Would the private company pay for that?

Mr. LONG of Louisiana. It would pay for the launching.

Mr. BARTLETT. Does the Senator from Louisiana have any idea—I confess that I do not—about how the proper cost would be assessed, and about what allocation of the expenses would be used in providing this assessment against the company?

Mr. LONG of Louisiana. I regret to say that I do not have all those details.

Mr. BARTLETT. I doubt that anyone has them as yet—although I do not know, because I am not skilled technically in this matter.

In any case, this would pose a very real problem, would it not?

Mr. LONG of Louisiana. Yes.

I believe there have been some negotiations in an effort to arrive at what would be the cost for the initial launching which the A.T. & T. wants to pay for. I do not have the figures before me at the moment; but I understand that it is estimated that medium-altitude satellites would cost $450,000 to $600,000 each and high-altitude satellites from $1 million to $2 million each. Rockets for launching satellites will probably range from $9.5 million for the Atlas-Agena B to $10.5 million for the Atlas-Centaur or modified Atlas-Agena. These costs include $1 million for use of a launching pads, launch tracking, and associated costs. It has been assumed that the Atlas-Agena B would have an 80-percent probability of success in launching 3 medium-altitude satellites, and the Atlas-Centaur would have a 66⅔-percent probability of success in launching 10 medium-altitude satellites. It is estimated that a modified Atlas-Agena B would have a 50-percent probability of success in launching high-altitude satellites. The cost per satellite in space would also depend upon the number of satellites that could be launched with a single rocket. This could vary from 1 to 2 satellites per launch for the high-altitude system and 3 to 10 satellites per launch for the medium-altitude system.

Mr. BARTLETT. The Senator from Louisiana knows that not very long ago the notion of having a satellite go around the globe would have been in the nature of a Jules Verne dream, but today goodness knows how many of them are now hurtling in space. Does the Senator from Louisiana know whether any privately owned satellites are now moving in space?

Mr. LONG of Louisiana. No. In fact, it is hard to own one, once it is orbiting in space—that is to say, it is hard to own one in the traditional sense—because there is no provision for recovering them. They are thousands of miles away; and when a communication satellite is put up, I understand that rather than bring it down when it needs repairs, it makes better sense to send up another one. In short, I understand that when one of them needs to be repaired, it becomes really useless.

Mr. BARTLETT. It would be difficult to get a mortgage loan on one, would it not?

Mr. LONG of Louisiana. Yes; and if one is damaged, it is difficult and perhaps impossible to repair it.

Mr. BARTLETT. Such a satellite can be jammed, can it not?

Mr. LONG of Louisiana. Oh, yes; particularly the high-altitude synchronous satellites; and also, if one of them is in range, the low-altitude satellites could be jammed.

Mr. BARTLETT. Mr. President, I am very grateful to the Senator from Louisiana for adding to my education in regard to these matters.

Mr. LONG of Louisiana. The Senator from Alaska is very welcome. I thank him for his questions.

Mr. YARBOROUGH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. Yes, with the understanding that in yielding to the Senator from Texas, I shall not lose my right to the floor; and also with the understanding that the remarks of the Senator from Texas will be printed in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, I merely desire to say that having heard the distinguished Senator from Louisiana speak for some hours today, I have been greatly impressed with all of the questioning—some friendly and some hostile—and I have also been very greatly impressed with the vast knowledge of

the Senator from Louisiana on this subject.

He is making a contribution which is most enlightening to the Senate and to the country. Of course it will be published in the CONGRESSIONAL RECORD, which is widely distributed throughout the Nation.

I feel that the distinguished Senator from Louisiana is making one of the greatest contributions to our Government and to the American people that he has made during his long and distinguished service in the Senate. I congratulate him on the fine service he is rendering the American people, in pointing out the danger involved in giving away their vast stake in space in this communication satellite system.

I personally appreciate very much, indeed, what the distinguished Senator from Louisiana is doing on the floor of the Senate.

Mr. LONG of Louisiana. Mr. President, I thank the Senator from Texas very much. I hope that at least in some ways I have helped Senators realize that a vast amount is involved—both a vast sum of money and a very great impact on the future of the United States—insofar as this bill is concerned. It is one of the bills which in very substantial ways tend to shape the future of our Nation.

That is why it is most important to me that Senators understand this subject, and that we try to handle this potentially great resource in a way which will be in the best interests of the 180 million American people and their descendants, because this program involves, in one way or another, more than $100 billion of the funds of the American people. That amount will be involved in determining how the space satellite system is to be used; and even that figure might be small if we project over a number of years in the future the impact on the world of this science.

Mr. YARBOROUGH. Did not Dr. Berkner, now in Dallas, Tex., and formerly with the Space Administration, estimate that the time would come within the lives of persons now living when the communications industry would be a $100 billion business, annually, worldwide, for all communications—not merely space communications?

Mr. LONG of Louisiana. My impression was that the doctor to whom the Senator has referred, who is regarded as a very reputable authority, estimated that global communications would be a $100-billion-a-year business.

Mr. YARBOROUGH. Of course, that was all communications—ground as well as space satellites. By 1970 or 1980 he estimated it would be a $100 billion business.

Mr. LONG of Louisiana. Some of us hope to live that long—to the time when global communications will be a $100-billion-a-year business.

Once again, this figure is discounted privately by those associated with the A.T. & T., but they have discounted the whole satellite program. Their whole approach to this subject is that they do not think it will be very good or that it will work very well, but they want it.

Mr. YARBOROUGH. I ask the distinguished Senator from Louisiana if he thinks A.T. & T. is working hard for it because they do not think it will be good.

Mr. LONG of Louisiana. No; I think they want it because it is good and has great possibilities for the future. Secondly, they are fearful that this system would for the first time present them with effective competition with their existing system. While they say they do not think it will happen in the foreseeable future, Commissioner Craven, who seems to be favorable to them, stated that one of the reasons why we should pass this bill is that the new system might be used to put A.T. & T. out of business.

I would not want to see A.T. & T. put out of business. I would want to see the system managed in such a way that they would get a fair rate of return on their investment; but making this new service a mere supplement to A.T. & T.'s existing system has the prospect of denying the public the great benefits it could have from competition between the existing system and the space satellite system.

Mr. YARBOROUGH. I agree thoroughly with the Senator from Louisiana. I do not want to see any communications carrier, or any other company, put out of business. I want to see them operate and make a profit. But we are not dealing with that question. I assume A.T. & T. will continue to make a profit, based on past history. We are dealing with the future.

I appreciate the thought expressed by the distinguished Senator from Louisiana, and the great contribution he has made. It was to the effect that this issue was important not so much because $25 billion of the taxpayers' money had been spent on research; it was not so much because $470 million of the taxpayers' money had been spent on space communications alone; but it was because of the future and for future generations of Americans that he was making a fight to preserve this great heritage for the American people. I congratulate him for his vision and what he is doing for future generations of Americans and for the notable speech he is making now.

Mr. LONG of Louisiana. I thank the Senator. Some persons have made much of the importance of the United States being first in space with a satellite, but somebody ought to think in terms of the importance of being sure, whether we are first or second with a satellite system, that we do it in the right way and in a way that is calculated to be of benefit for the next thousand years in the ultimate interests of the people of this country and of the world.

Mr. YARBOROUGH. What is more important—that we do something very quickly, in 6 months, for A.T. & T., or that we do something effective for the next 60 generations of American people?

Mr. LONG of Louisiana. I think the important thing is that we handle the problem in such a way as to assure the greatest possible benefit for the people of this Nation. Before we do anything to give this resource away, we ought to be sure of what it covers. If we should let the private companies handle it in the way provided in this bill, A.T. & T. would dominate the company. If they did not own it, they would own enough of it or have enough control over it that, to all intents and purposes, they would have complete control over the satellite corporation. Comments in the press indicate that many people regard that as a fact, so far as this bill is concerned.

It seems to me that history will judge this debate as one between those of us who wanted to foster effective competition and tried to see to it that the facility would be used in such a way as to be of maximum benefit to the American people, and those of us who were looking at the more narrow interest of private investment and who wanted to make the new system a part of an ever-growing, existing monopoly.

Incidentally, this company has extremely great power. I am happy to say that A.T. & T. has not abused the power to the extent that it could have, if it had cared to do so. This corporation controls more than 85 percent of the telephones in this country. It is represented in every chamber of commerce by a number of members, and in almost every business club. The dues are paid by the company out of what telephone users pay for the service. It has fantastic power. I believe, as a matter of discretion, the company has seen fit not to use all of that power—certainly not to a great degree—but this tremendous and fantastic power which is represented by the corporation cannot be completely overlooked. The importance of assuring competition, even as among regulated monopolies, is important to the future of this Nation.

Mr. YARBOROUGH. Before the Senator from Louisiana gives A.T. & T. too clean a bill of health about not abusing its power, I wish he would investigate a few elections in Texas and see how they used their power in elections in Texas.

Mr. LONG of Louisiana. The Senator from Louisiana does not pose as an expert in Texas affairs. I hope I do not have the same experience in Louisiana.

FEDERAL AID TO EDUCATION—THE COLD WAR BILL

During the delivery of the speech of Mr. LONG of Louisiana,

Mr. YARBOROUGH. Mr. President, will the Senator from Louisiana yield for a brief statement on another subject, with the understanding that it will be printed in the RECORD at the end of his remarks?

Mr. LONG of Louisiana. I ask unanimous consent that I may do so with that understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. Mr. President, the conferees of the House and Senate began consideration today of the higher education bill. That reminds me of the testimony given before the Subcommittee on Education of the Committee on Labor and Public Welfare of the Senate on April 12 by the distinguished Secretary of Health, Education, and Welfare,

Abraham Ribicoff, in support of Senate bill 2826, a bill which was introduced by the senior Senator from Oregon [Mr. MORSE], as chairman of the Education Subcommittee. The bill was called the Improvement of Educational Quality Act of 1962. If enacted it would carry out the recommendations of the President of the United States in his message on education, of February 6, 1962.

In his statement the Secretary of Health, Education, and Welfare ably said:

The greatest resource of this Nation is its young people, who represent the leadership of the future. Fundamental to the assumption of leadership by these young people is the opportunity for an education of sufficient rigor and quality to enable them to meet the tremendous responsibilities to be placed on their shoulders. The creation of a high standard of excellence in education is essential to national survival. The day is past when even one of our classrooms should be staffed by an underpaid or undertrained teacher.

Before completing my quotation from the statement of the Secretary of Health, Education, and Welfare, I point out that one of the unfinished pieces of business of the Senate is a bill which is high on the calendar. It is called the cold war bill, S. 349. It has been on the calendar since August 10, 1961. It was unanimously reported by the Democratic policy committee earlier this year. The bill would provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, the cutoff date for the Korean conflict, and July 1, 1963, the termination date of the present draft law.

That bill would offer educational opportunities to 5 million young Americans serving during that period. Past experience shows that approximately 50 percent of them would attend school under that bill if it were enacted into law.

Of the more than 15½ million veterans of World War II, 7,800,000 went to school under the GI bill. That was the greatest movement into school in the history of this Nation. That bill put more people actually in school than any other single measure in the history of this country. Of the 7,800,000 who went to school under the GI bill of World War II, 29 percent attended college; the other 71 percent went to high school, vocation school, or business college, or took on-the-job training, or took advantage of various other types of educational facilities.

The result has been monumental, especially to the people of the United States. We have acquired out of that experience a pool of more than 200,000 schoolteachers. We obtained over 460,000 engineers, scientists, and scientific personnel. We obtained more than 100,000 medical personnel, including doctors, nurses, X-ray technicians, and technicians of other types. We obtained many hundreds of thousands of people in other highly trained categories. But for the trained pool coming out of the GI bill, we would be in much shorter supply of doctors and dentists and schoolteachers and other highly trained personnel than we are today.

As the result of the Korean conflict there were about 4½ million veterans. Again 50 percent went to school, just as 50 percent of the World War II veterans went to school. This time the distribution was different. Instead of 29 percent going to college, 51 percent went to college.

It is estimated, based upon the 50 percent of the World War experience, that if the cold war bill were passed and became law—and 31 Members of the Senate have joined in cosponsorship, and it ought to be passed now, this week, this month, because we are pulling down the educational level of the people—50 percent of those persons would attend school. This time more than 50 percent would go to college, because now those being inducted into the armed services are younger than the average of those taken into the service in World War II. The need for the bill is exemplified in this statement by the Secretary of Health, Education, and Welfare, who was speaking on another subject before our committee on April 12, when he said:

Last year, 120,000 teachers left teaching for various reasons. Only 102,000 college graduates entered the profession. We were unable to replace with college graduates all the teachers who left. In addition, we need 35,000 teachers this year to accommodate the growth in student enrollment. We need an additional 30,000 to relieve overcrowded classrooms.

This message continues. Secretary Ribicoff points out again:

In 1950, our school-age population was 30.5 million; in 1960, 44 million, an increase of 13.5 million. By 1980, there will be 67.5 million school-age children, or an increase of 37 million during the 30-year period—an average of more than a million each year. These children are entitled to the best education we can give them. Because of the increasing complexity of our world, this education must be better than we had and better than we are now giving. We cannot afford less.

Mr. President, the Secretary's message contains so much of interest, so much that the country should consider, that I plan to place the entire message in the RECORD at the conclusion of my remarks. The bill is not a substitute for other proposed legislation, as was sometimes thought at the time of the bill's introduction. Again I quote Secretary Ribicoff:

Let me emphasize that this bill is not a substitute for any other education proposal of this administration. We have made a number of proposals, all of which are of great importance. We earnestly support a broad program of funds for school construction and teachers' salaries. We want support for our colleges and college students. We need aid to the medical schools and their students. We must do something about the shocking facts of adult illiteracy. And in this bill I present to you today, we are seeking a fifth part of the President's education program—a measure to improve the quality of education in this country in partnership with the States, local school districts, and teacher preparation institutions.

Mr. President, there have been five prongs; the GI bill is the sixth. Each one is separate. None of them conflicts with any of the others. None of the educational bills overlaps any other field. If we really wish to give the boys and girls of America the opportunity they are entitled to in this democracy, we must provide them with an opportunity for education. None of these measures by itself will furnish that full opportunity. The GI bill by itself will not afford it. But each of them is a step in the right direction. It is time we moved forward with the educational program.

I shall read one more paragraph of Secretary Ribicoff's able message to the Subcommittee on Education:

Mr. Chairman, millions of the children in our Nation have only a theoretical chance to acquire an education commensurate with their potential ability and to lead useful and happy lives. Many come to our schools from a social and cultural environment in which the desire for knowledge was never kindled. Many others of high ability and motivation do not find intellectual challenge in the school and become bored, dispirited, and even delinquent.

To help correct these conditions in the schools—to create a desire for knowledge where it never existed and to engage the best ability of every student—requires extraordinary effort by skilled administrators, teachers, and counselors. All too often, our schools are unable to accomplish these objectives.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks the full text of the statement by Secretary Ribicoff.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY ABRAHAM RIBICOFF, SECRETARY OF HEALTH, EDUCATION, AND WELFARE

I am pleased to appear today in support of S. 2826, introduced by Senator MORSE, the chairman of your subcommittee. The bill, entitled "The Improvement of Educational Quality Act of 1962," carries out the recommendation of the President in his education message of February 6, 1962.

The greatest resource of this Nation is its young people who represent the leadership of the future. Fundamental to the assumption of leadership by these young people is the opportunity for an education of sufficient rigor and quality to enable them to meet the tremendous responsibilities to be placed on their shoulders The creation of a high standard of excellence in education is essential to national survival. The day is past when even one of our classrooms should be staffed by an underpaid or undertrained teacher.

The teacher in the classroom is the basic element in the educational process, and we owe to our children as well as to our teachers the obligation of supplying every possible resource to enable the teacher to conduct a class in a professional, competent, and well-informed manner. This goal is attainable within this decade if we make the best use of all our knowledge and resources.

The bill before you is intended to bring about an improvement in the quality of education at the elementary and secondary level under the traditional structure of State and local school agencies. As President Kennedy said in his February message on education, "This tradition assures our educational system of the freedom, diversity, and the vitality necessary to serve our free society fully."

The profession of teaching is a high calling—one which should attract the finest minds and the firmest purpose. It is challenging and demanding, exciting, and rewarding; yet we find many of our most promising people turning to other professions—or leaving the teaching profession in a few short years. Those who remain—and there

are tens of thousands of dedicated, able teachers who have remained—do so at the expense of financial security, professional status, and real opportunity for growth and learning.

Last year, 120,000 teachers left teaching for various reasons. Only 102,000 college graduates entered the profession. We were unable to replace with college graduates all the teachers who left. In addition, we need 35,000 teachers this year to accommodate the growth in student enrollment. We need an additional 30,000 to relieve overcrowded classrooms.

We have presently teaching 90,000 teachers who do not meet the State certification requirements. Many teachers today are caught between incomes which do not permit them to improve their professional qualifications on the one hand and increasing demands for better knowledge and preparation in subject areas on the other. Teachers should be able to afford to improve their knowledge as information changes and new discoveries are made.

The teacher should have recognized professional status as one of the most valuable members of the community. This is not true today. A student who graduated last year, after 4 years of college in a scientific curriculum, could start work with an average salary of $6,240 a year. If he spent the same 4 years learning to be a teacher, his starting salary would average $4,100. The average salary for all teachers with a bachelor's degree last year was $5,215; for all scientists with a bachelor's degree, $9,000.

The increasing demands for education make it essential that we attract many more people into the teaching profession, that we do everything we can to retain our present teachers, and that we help the State and local systems improve the quality of their instruction.

In 1950, our school-age population was 30.5 million; in 1960, 44 million, an increase of 13.5 million. By 1980, there will be 67.5 million school-age children, or an increase of 37 million during the 30-year period—an average of more than a million each year. These children are entitled to the best education we can give them. Because of the increasing complexity of our world, this education must be better than we had and better than we are now giving. We cannot afford less.

DISCUSSION OF BILL

Title I

Title I of S. 2826 is designed to help the States and school systems to improve the quality of instruction in our elementary and secondary schools. There are great variations in professional preparation, knowledge of subjects taught, experience, and opportunity for professional improvement and advancement among our 1.5 million teachers. The knowledge, competence, enthusiasm, and wisdom of the classroom teacher determine the success or failure of everything attempted by our schools. Title I would authorize three practical 5-year programs appropriate to a modest Federal role in education—institutes, awards, and project grants—to strengthen the initial preparation of teachers and to help our teachers prepare themselves to do a better job in the classroom.

Institutes for Advanced Study for Teachers

Section 101 of the bill would authorize the Commissioner of Education to arrange with colleges and universities for subject-matter institutes for teachers and supervisors of subjects in which he finds that there is a general need for improved quality of instruction. These institutes would be concentrated upon the subjects generally accepted as meeting college-entrance requirements. Participants would receive a stipend of $75 per week, plus $15 per week for each dependent, during the period of attendance.

These institutes will provide in other basic curriculum areas the same kind of opportunity for improvement that has been so successfully provided in mathematics, science, and foreign languages through institutes arranged by the National Science Foundation and the Office of Education. These programs have improved instruction to such an extent that the relative neglect of these subjects has been dramatically reversed in a few short years. But mathematics, science, and foreign language do not encompass a complete education program. Instruction in English, in history, and social sciences is essential to the attainment of the skills and knowledge required by today's youth. The requirements for subject-area competence are as important to teachers of these subjects as they are to the teachers of science and mathematics, and the intellectual disciplines and learning effort are no less.

Awards for Outstanding Teachers

The second program under title I offers great potential for improving the quality of instruction and recognizing the great contribution to society of the many outstanding teachers now in our schools.

Section 102 of the bill would permit the Commissioner to make awards to 2,500 teachers each year to permit them to undertake a year of full-time study in the subjects they teach. The recipients would be selected by State commissions designated by the Governors. Each recipient would receive a stipend equal to his salary but not to exceed $5,000. The college or university attended would receive a $500 cost-of-education grant. Awards would be allotted among the States on the basis of the relative numbers of certified teachers, with no State receiving less than 10.

These awards would provide valuable recognition for outstanding teachers. As stated by President Kennedy: "Many elementary and secondary school teachers would profit from a full year of full-time study in their subject-matter fields. Very few can afford to do so. Yet the benefits of such a year could be shared by outstanding teachers with others in their schools and school systems as well as with countless students. We should begin to make such opportunities available to the elementary and secondary school teachers of this country and thereby accord to this profession the support, prestige, and recognition it deserves." We believe that the awards provided in this bill would stimulate additional private, State, and local grants for this purpose. The 12,500 teachers receiving awards under the bill during the next 5 years would, during their teaching careers, share the benefits of their study with several million students in thousands of schools across the Nation and thus help to raise the quality of education.

Project Grants To Strengthen Teacher Preparation Programs

The first two programs, which I have just described, are designed to improve the quality of instruction by giving opportunities for professional improvement to teachers already in the profession. The third program would attack the problem of assuring a continuous entry into the profession of qualified, well-prepared teachers and would make it possible for our colleges to attract into teacher-preparation programs students showing promise and intellectual capacity.

Section 103 of the bill authorizes the Commissioner to make grants to colleges and universities for projects to strengthen their programs of teacher education. With today's emphasis on excellence in education and subject-area competence, many institutions that prepare teachers find themselves unprepared to meet the challenge. Institutions which traditionally emphasized teaching now find it necessary to provide facilities and instruction in subject areas which require additional faculty and library facilities and new curriculums to prepare teacher candidates properly.

As these institutions seek out new faculty and new programs, most of them need to strengthen their library programs. More than half of the 4-year academic institutions in the Nation today have library collections of less than 50,000 volumes. The Federal grant would cover part of the cost of improving course content and curriculum (including related improvements in library resources), better student teaching activities, and improved standards for selection of teaching candidates and for their continuation in teacher-education programs. Without financial help, most colleges will not have the resources available to make necessary improvements.

We believe that there is a direct relationship between the quality and intellectual content of teacher education and the quality of students attracted to a career in teaching. There is evidence that teaching as a profession is not attracting a proportionate share of our most able college students and that many able and dedicated teachers suffer from inadequate academic preparation. While we recognize that inadequate salaries for teachers are a major factor in this situation, we believe that improvements in teacher education can significantly improve the status of the profession. This proposal would encourage and help colleges and universities to make desired improvements.

Title II

Title II is concerned with the broad application of improved instructional practices in elementary and secondary schools. American industry spends billions of dollars each year in research and development and in the application of new knowledge to technology. Although the needs of education and industry differ substantially, it is alarming that less than one-half of 1 percent of educational expenditures are for research and development. Moreover, the widespread application in actual classroom situations of the findings of educational research has been painfully slow.

Grants to States

Title II would authorize the appropriation of $50 million for each of 5 years for grants to State education agencies to help finance pilot, demonstration, or experimental projects designed by local school districts. These projects would help greatly to improve the quality and effectiveness of instruction in public elementary and secondary schools—a concern not of the States alone, but of every American citizen as well.

The bill suggests as examples seven broad types of programs suitable for projects; such as, improved course content and curriculum, special attention for gifted or deprived or disadvantaged students, and the development of new types of instruction or programing, and the most effective use of modern equipment and materials. Each project could include the acquisition of related library and other materials and equipment.

The appropriated funds would be allotted to the States on the basis of their relative populations. Ten percent of a State's allotment could be used to expand and improve the State educational agency's supervisory, research, and development services so necessary to the improvement of local school programs.

Let me cite some possible applications of this title which local educational agencies might develop as they saw fit in terms of local needs and conditions:

1. Projects for pupils having special problems.

2. Development of improved materials and methods of teaching English to non-English-speaking pupils.

3. Experimental programs for highly gifted pupils, making use of seminars, adaptations of the tutorial system, and organized acceleration in courses or subjects.

4. Improvement of school library programs. Only 20,000 of our 60,000 elementary schools have libraries, and many of these are inadequate. In 1958–59, more than half of our public elementary school children—10 million boys and girls—attended schools without library facilities of any kind. If we are really to improve the quality of education in America, we must improve school libraries.

5. Development of an intensified English language program in elementary and secondary schools, with increasing emphasis on English composition from grade 7 through grade 12. Full command of the English language is essential to the successful pursuit of all academic disciplines.

6. Development of plans for maximum use of school facilities; designing new school structures for maximum efficiency and pupil and teacher usage; and planning for new and more efficient scheduling of school curriculums for the school year.

7. For the development and coordination of programs to prevent school dropouts; the development of new kinds of cooperative school and work programs so that secondary education will prepare youth for work at the termination of the senior year.

Amendments to Cooperative Research Act

Title II also amends the Cooperative Research Act to give a new and vital dimension to educational research and development. The amended act would authorize grants to colleges, universities, and other nonprofit organizations to pay part of the costs of centers for research, development evaluation, and demonstration of improved instructional practices and materials in the schools, where appropriate centers would be conducted in cooperation with State and local educational agencies. We believe that this expanded research and development activity, together with the special project grants described above, would be a most effective means of bringing about widespread application of better practices in education.

CONCLUSION

We estimate that appropriations for this bill would be $120 million for the first year, ranging up to $165 million in the fifth year. This is a modest cost in terms of the far-reaching objectives of the bill.

Each provision of S. 2826 complements the others and is also related to existing public and private programs in education. The bill pinpoints the basic requirements for improving the quality of education and proposes an effective means of meeting these requirements.

Let me emphasize that this bill is not a substitute for any other education proposal of this administration. We have made a number of proposals, all of which are of great importance. We earnestly support a broad program of funds for school construction and teachers' salaries. We want support for our colleges and college students. We need aid to the medical schools and their students. We must do something about the shocking facts of adult illiteracy.

And in this bill I present to you today, we are seeking a fifth part of the President's education program—a measure to improve the quality of education in this country in partnership with the States, local school districts, and teacher preparation institutions.

All parts of this program are important. The measure before you today is among the least expensive of the proposals, but I deeply believe that its ultimate impact can be as significant as anything we have proposed. It represents a new and needed approach: An effort to do something for our teachers and for the quality of teaching in our schools.

Mr. Chairman, millions of the children in our Nation have only a theoretical chance to acquire an education commensurate with their potential ability and to lead useful and happy lives. Many come to our schools from a social and cultural environment in which the desire for knowledge was never kindled. Many others of high ability and motivation do not find intellectual challenge in the school and become bored, dispirited, and even delinquent.

To help correct these conditions in the schools—to create a desire for knowledge where it never existed and to engage the best ability of every student—requires extraordinary effort by skilled administrators, teachers, and counselors. All too often, our schools are unable to accomplish these objectives.

Recently I had the opportunity to visit a school in New York City in which these problems are being overcome through a special program called higher horizons. The children are given special remedial instruction to overcome language and academic deficiencies. They are introduced to the world of art and culture. They have the benefit of skilled teachers and counselors. Academic standards are high. These students are above average in their neat appearance, behavior, and desire for intellectual achievement. Yet, these youngsters come from an environment characterized by unemployment, broken homes, delinquency, illiteracy, violent crime, and cultural poverty. In a very real sense, their school is saving their lives.

This contribution to our society is beyond measure. It can be duplicated in thousands of schools, serving every kind of area with respect to the whole range of educational needs.

The purpose of this bill is to launch a concerted national effort to assure that our schools offer a real opportunity for a first-class education for all our children. Federal action can be decisive in stimulating State and local leadership and accelerating progress in education.

While we cannot command intellectual excellence, we can and must encourage it in every appropriate way. S. 2826 provides an appropriate way to do this, and I strongly urge that it be enacted.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW—ORDER FOR COMMITTEE ON FINANCE TO MEET TOMORROW—LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, will the distinguished Senator from Louisiana yield, without losing his right to the floor?

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Montana, provided I do not lose the floor.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate tomorrow.

Mr. LONG of Louisiana. Mr. President, reserving the right to object, the Senator's request places me in such a position that I feel that I shall have to object. I should regret very much having to prevent the Committee on Finance from meeting; however, if the Senator could arrange to have the Senate meet at 12 o'clock, I would withhold objection to authorizing the Committee on Finance to meet, because I should like to participate in the meeting of that committee tomorrow. I hope the Senator from Montana will modify his earlier request, so that he might agree to the latter request, even if it meant keeping the Senate in session longer tomorrow.

Mr. MANSFIELD. As usual, the Senator from Louisiana is reasonable. This possibility was discussed yesterday with some Senators who are vitally interested in the proposed legislation. The Senate will recall that the leadership announced yesterday that beginning on Wednesday the Senate would convene at 10 o'clock and remain in session until about 8 o'clock. However, in view of the situation as it affects the Committee on Finance, and considering the understanding shown by the Senator from Louisiana, I now ask unanimous consent that when the business for today has been concluded, the Senate adjourn until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, since the Senate will convene tomorrow 2 hours later than had originally been planned, we should anticipate remaining in session 2 hours longer in the evening.

Mr. YARBOROUGH. Mr. President, will the Senator from Louisiana yield, so that I may address the majority leader?

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Texas, provided I do not lose the floor.

Mr. YARBOROUGH. I express thanks to the distinguished majority leader for changing the hour of convening tomorrow until 12 o'clock. Today the Senate conferees held their first meeting with the House conferees on the higher education bill. The chairman of the conference has called a meeting of the Senate conferees for 10 o'clock tomorrow morning. There are three members of the conference—the senior Senator from Oregon [Mr. MORSE], the senior Senator from Pennsylvania [Mr. CLARK], and I—who plan to take some part in the debate on the bill under consideration. The Senate conferees will hold their next meeting with the House conferees at 10 o'clock on Friday morning. No meeting is planned for Thursday. I wished to inform the distinguished majority leader of that program and to say that the deferred hour for convening the Senate tomorrow will make it possible for us to continue our work on the higher education bill, which is vital to the Senate and the administration.

Mr. MANSFIELD. I am happy that it has been possible to bring about this accommodation.

Mr. KEFAUVER. Mr. President, will the distinguished Senator from Louisiana yield, so that I may address the majority leader?

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from Tennessee, provided I do not lose the floor.

Mr. KEFAUVER. Does the distinguished majority leader have in mind asking permission for any other committees to meet while the Senate is in session?

Mr. MANSFIELD. Not at the moment. I have taken this action on my own responsibility. I hope the acting

minority leader will agree to the request I have made. The reason I have done so is that the chairman of the Committee on Finance has informed me that beginning tomorrow and continuing for the next day hearings will be held on the extension of the Sugar Act which, as the Senator from Tennessee knows, will expire on June 30.

Mr. KEFAUVER. If a request is to be made for any other committees to meet, I should like the opportunity to object to their meeting, unless some emergency situation exists.

Mr. MANSFIELD. That is a reasonable request. The Senator from Tennessee will be notified if any other requests are to be made. I hope the acting minority leader will concur in my request that the Committee on Finance be permitted to meet tomorrow.

Mr. HRUSKA. That is agreeable, as I understand. However, inasmuch as the hour of convening will be at noon, no other requests for committee meetings have been made.

Mr. MANSFIELD. No; this request was made for an all-day meeting of the Committee on Finance only.

I think I should call the attention of the Senate to the very good possibility that during the latter part of this week the Senate will be asked to set aside the pending business, when a motion will be made to proceed to the consideration of Calendar No. 1553, H.R. 11131, to authorize certain construction at military installations, and for other purposes. That bill, I understand, is tied in quite closely with the appropriation bill.

Also, the Senate will be asked to consider Calendar No. 1565, S. 3203, to extend the Defense Production Act of 1950, as amended, and for other purposes, about which, I understand, there is little controversy; also, Calendar No. 1536, S. 3161, to provide for continuation of authority for regulation of exports, and for other purposes.

It is tentatively hoped that on Monday next it may be possible to have the Senate consider Calendar No. 1564, H.R. 11879, to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

Mr. KEFAUVER. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. KEFAUVER. Can the Senator give us any idea of the approximate time these other measures will consume?

Mr. MANSFIELD. I understand that consideration of the bill to provide for continuation of authority for the regulation of exports may require several hours. It is my understanding that the Senator from New York [Mr. KEATING] desires to offer some amendments.

I do not believe that the bill to authorize construction of certain military installations will take more than an hour. Of course, this is guesswork. So far as I can ascertain, the bill to extend the Defense Production Act of 1950, as amended, is not controversial.

I understand that consideration of Calendar 1564, House bill 11879, to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes, may take a little longer. That is why its consideration is being put off until next week.

Mr. KEFAUVER. I thank the Senator from Montana.

Mr. MANSFIELD. If I may make a further statement, let me call attention to the fact that Calendar No. 1549, House bill 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, will be taken up either the latter part of this week or next week. I understand there is very little, if any, controversy about this measure, which also faces a June 30 deadline.

Mr. HRUSKA. Mr. President, will the Senator from Louisiana yield, so that I may make an inquiry of the distinguished majority leader?

Mr. LONG of Louisiana. I yield on the same basis, Mr. President.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, it is so ordered.

Mr. HRUSKA. The majority leader indicated that later in the week Calendar No. 1553, Calendar No. 1565, Calendar No. 1536, and Calendar No. 1564 will be taken up. What does "later in the week" mean?

Mr. MANSFIELD. I should say anywhere between Thursday and Saturday, inclusive.

Mr. HRUSKA. I thank the distinguished majority leader.

Mr. MANSFIELD. Mr. President, will the Senator from Louisiana yield further, if it is understood that in doing so he will not lose his right to the floor?

Mr. LONG of Louisiana. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN TOUR BY THE SECRETARY OF STATE

Mr. MANSFIELD. Mr. President, today Secretary of State Dean Rusk has set out on a tour of five major cities of the world—Paris, Bonn, Berlin, Rome, and London. His journey comes at a time when world affairs are in great flux. Our positions are being closely analyzed; and it is vital to our national interest that not only a clear understanding prevail, but also that together with allied nations we arrive at a clearer understanding and agreement as to the directions in which we are headed.

The Secretary carries the confidence of the country in this delicate task. He is a statesman's statesman, vigorous and discreet, expert, and gentlemanly.

He is fully equipped to provide the United States with the kind of diplomacy we must have in order to adjust to contemporary requirements the policies we have been following for more than a decade with respect to Europe. He can provide the kind of leadership which is essential for a continuance of the cooperation with Western Europe that will insure our common security and a sharing of the common responsibilities in support of international peace.

Debate in this body sometimes obscures our basic agreement and our general reliance on principles held through many administrations. We are striving for a decent world in which human freedom can flourish. That is our basic objective. The Secretary of State is its personification; and I know that as he flies over the Atlantic today, he carries the good wishes and the hopes of the Senate.

Mr. President, I thank the Senator from Louisiana for his customary courtesy.

Mr. LONG of Louisiana. Mr. President, the distinguished majority leader is most welcome.

THE PRESIDENT AND THE ECONOMY

Mr. CURTIS. Mr. President, I call attention to an editorial entitled "Leftward Ho," published in the Omaha World-Herald of June 12, 1962. The editorial refers to the address made recently at Yale University by President Kennedy. It is my earnest hope that my colleagues on both sides of the aisle will take a few minutes to study this statement.

The President has, appropriately, been honored by many degrees. I assume, without ascertaining the fact, that Yale conferred upon him an honorary doctoral degree in economics. In his remarks at Yale the President, in effect, rewrote the principles of economics. The law of supply and demand which has heretofore generated initiative, investment, income, and taxes, is relegated to the past.

The new law, by Presidential edict, will determine fiscal responsibility, the effect of deficit spending, and whether debts, public or private, are either good or bad.

The President stated:

> Each sector of activity must be approached on its own merits and in terms of specific national needs.

It necessarily follows that the President assumes the obligation of determining both the "merits" and the "specific national needs."

As the editorial concludes, the President's speech at Yale was "a historic speech." What was passed to us there is truly prolog. We know where the Captain intends to take his ship.

Mr. President, I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LEFTWARD HO

There's joy on the left today because of what John F. Kennedy said at Yale.

And we wouldn't be surprised if the further left one searches, the more joy he will find.

For after 17 months of seeming indecision, contradictory actions and cautious words, President Kennedy yesterday declared himself.

He is for bigger Government, bigger spending, more intervention in the lives of the people, and more of what used to be known as fiscal irresponsibility.

And he is for these things not because he regards them as necessary evils, but as positive virtues. In fact, any American so benighted as to believe in balanced budgets,

restraint in public spending or in getting Government off the backs of the people is guilty of perpetuating "myths."

Each administration has spent more than its predecessor, said Mr. Kennedy and "this trend may continue." Speaking of medical research he said that "this expansion of Government has brought strength to our whole society."

Whereas he said this medical research "has taken place without undue enlargement of Government control," the President hastened to add:

"I am not suggesting that Federal expenditures cannot bring on some measure of control. The whole thrust of Federal expenditures in agriculture has been related by purpose and by design to control as a means of dealing with the problems created by our farmers and growing productivity."

That should be plain enough. Some Americans may escape control but not you, Mr. Farmer. "The whole thrust" of farm policy is aimed at controlling you and your obnoxious habit of making crops grow in abundance.

As for controlling others, "each sector of activity must be approached on its own merits and in terms of specific national needs." Not your will, Mr. Citizen, but the Government's will, is to prevail. And that goes for "science, urban renewal, education, agriculture, natural resources" and anything else in which public and private interests may conflict.

What will happen to individual liberty?

Apparently that concept is a part of the old mythology and is to be shoved aside whenever it conflicts with the presidentially determined "public interest."

Turning to the annual Federal budget, Mr. Kennedy damned it as "not simply irrelevant: it is actively misleading" because "mythology measures all our soundness on the single simple basis of this same annual administrative budget."

On deficits the President said: "The myth persists that Federal deficits create inflation. * * * Honest assessment plainly requires a more sophisticated view * * *."

On public debt: "It is widely supposed that this debt is growing at a dangerously rapid rate. * * * Debts, public and private, are neither good nor bad. * * * Borrowing can lead to overextension and collapse—but it can also lead to expansion and strength."

On national confidence: It depends on "the necessary partnership of government with all other sectors of our society." "Lack of confidence in the national administration" is not a cause of stock market declines and is "a false issue."

So much for myths, old and new, as discussed at Yale. It was, we think, a historic speech.

For it established beyond reasonable doubt that Mr. Kennedy is taking the country as far left as he can as fast as he can. And that fact presents a challenge to all moderates and conservatives who believe in fiscal prudence and effective restraints on the crushing hand of government.

During the delivery of the speech of Mr. LONG of Louisiana:

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon [Mr. MORSE] for a statement, and that his statement may be printed at another point in the RECORD, without prejudicing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. MORSE. Mr. President, I appreciate the Senator's yielding to me with that understanding, because I wish to introduce tonight a revision of my heretofore proposed legislation on emergency disputes, and I should like to have the statement and the bill made a part of today's RECORD.

SETTLEMENT OF LABOR DISPUTES

Mr. MORSE. Mr. President, the failure of the many Presidential Emergency Boards and Commissions named by the President over the past 17 months to settle the airlines dispute underscores once again the ineffectiveness of the emergency disputes procedures specified in the Railway Labor Act and in the Taft-Hartley Act. I am now introducing legislation which should provide a fairer, more workable and more effective system to be substituted for these systems which have worked so poorly in so many of the major disputes over the past decade.

The bill which I introduce follows in general outlines those which I have offered before in similar periods of breakdown. This bill is the result of a further reexamination of the provisions in earlier bills which I have introduced from time to time in the past. It has been redrafted in some essential respects but follows in general outline S. 1177 and S. 1160, which I offered in the 85th and 86th Congresses.

The RECORD will show that when I opposed the Taft-Hartley bill in 1947, one of the major contentions that I made against the Taft-Hartley bill was what I considered to be the ineffectiveness and and unacceptability of the emergency dispute section of that bill. The RECORD will show that at that time I emphasized that, in my judgment, the emergency dispute section of the Taft-Hartley bill would not be the effective instrument that it was claimed to be by the authors of the bill. Since that Congress, as a member of the Senate Committee on Labor and Public Welfare, I have discussed the subject on the floor of the Senate a number of times, and as I have just stated, I have introduced in the past S. 1177 and S. 1160.

Two years of negotiations between the Flight Engineers' International Association and a number of the airlines broke down last week following months of strenuous activity by the administration to bring the parties together. The dispute is one which has plagued the airline industry for the last 4 years, and although there is general agreement today that only three men are needed in the cockpit of jet aircraft, the question of qualifications for the occupant of the third seat is the one which continues to plague the industry.

Mediation by the National Mediation Board under the Railway Labor Act has failed to provide any basis for the resolution of this stubborn and unyielding issue. Upon exhaustion of the mediatory procedures of the National Mediation Board, the President appointed a number of emergency boards under the Railway Labor Act and a special presidential commission headed by Prof. Nathan Feisinger to review the general problem. In addition the identical issue was involved in proceedings before two presidential emergency boards appointed to consider the related issue in the dispute between two of the airlines and the Airline Pilots Association. Finally, a board of arbitration consisting of George Taylor, George Meany, and Edgar Kaiser, named by the President to arbitrate the third seat issue in the negotiations between Pan American and the Airline Pilots, handed down its award just a few weeks ago.

Thus we have had five Presidential Emergency Boards, a Special Presidential Commission under Professor Feinsinger, and a Board of Arbitration under George Taylor assigned to develop some reasonable basis for the settlement of this issue. The recommendations made by these Boards and Commissions have followed the same general pattern, but none of them have produced a formula acceptable to the flight engineers.

Last Thursday the President told the flight engineers that a strike against the three airlines involved in its current negotiation, Trans World Airlines, Eastern, and Pan American, would seriously endanger the welfare and economy of the country and urged them to accept arbitration or some other means as a basis for ending their dispute. Despite this entreaty, the engineers remained steadfast in their determination not to arbitrate the issue of the third seat qualifications but offered instead to arbitrate the balance of the issues. The limited arbitration offered by the flight engineers would not have settled the dispute.

Thus we are once again impressed with the failure of our procedures in the handling of disputes threatening the welfare of the country.

I am therefore now offering to the Congress a bill which will provide a more flexible system for the discharge of the responsibilities of the President and of Congress in safeguarding the health and security of the national economy and at the same time will afford labor and management ample opportunity to work out their differences in collective bargaining. I propose to give the President discretion as to when and how to intervene in disputes of this nature in any industry with a reasonable choice of courses to follow in the particular circumstances of the specific dispute. The courses which are made available to the President will not be entirely pleasing to either side, but they are fair and evenhanded and should provide some further techniques in developing settlements in these stubborn and difficult cases.

My proposal was first made in 1950, when I introduced S. 3169 to cope with the crises in the coal industry. It appeared at that time that seizure by the Government might be used as a last resort. My bill recognized the incapacity of Taft-Hartley to deal effectively with emergency disputes that endanger the national welfare. In 1952, I offered the bill again. It was introduced at the time of the crisis in the steel industry when Taft-Hartley's emergency disputes procedures again proved inadequate. At the

time of the New York longshoremen's dispute in 1957 and again in 1959, I offered substantially similar bills.

The bill I am offering today, like those which I offered in these other periods, is based upon broad experience with the subject, including, among other things, material developed in extensive hearings a number of years ago by the Senate Labor Committee. It provides for a continuing procedure under which the President and Congress keep constant surveillance of emergency disputes. Both executive operation of the facilities, through existing management wherever possible, and injunctions are permissible, with a congressional veto of such action. The bill emphasizes keeping the disputing parties guessing to provide real incentives for bargaining now lacking in the law.

I stress the point that when we are dealing with a national dispute which is characterized by economic dangers that cause one to say that the dispute threatens national welfare, we must have a procedure, in my opinion, that will leave doubt on the part of parties on both sides of the dispute, as to what the final outcome will be. I cannot stress that point too much. I think it is important that we recognize that neither side must be in a position in which it would know for a certainty the result of the adoption or application of a procedure. Otherwise, we would discourage collective bargaining by putting one side in a position to say, "We are perfectly willing to let the law run its course, because the final result will be in our favor."

The point I am making may not be easily recognized by those lacking experience in the problems of labor arbitration, mediation, negotiation, and collective bargaining. I stress the fact that the bill, which is similar to bills I have introduced in the past, would not give to either side any certainty as to what the result of the application would be.

In introducing this bill, I must emphasize that I am not wedded to it. I do not in any sense regard it as the final and last word on the subject. The problem of developing workable and effective emergency disputes procedures is one of the most complicated legislative subjects facing the Congress. And just as there have been inadequacies in past efforts, I realize that there must be "bugs" of one sort or another in this proposal.

But, as I said in 1959 in offering S. 1160, there must be a start if we are ever to get effective and useful legislation in this area. With this new major transportation tieup threatening us, it is of the utmost urgency that we make a new effort to develop reasonable solutions, and that we begin now with the help of labor and management in drafting a bill that will safeguard the rights of each and, at the same time, protect the rights of the Nation from severe and avoidable damage to our economy.

My bill, in my judgment, offers the proper vehicle for hearings on the part of the committee. It offers the proper vehicle for labor and management to come in to offer criticisms and suggestions for improvements. However, as one who has worked in the field of labor relations for a good many years during my professional life prior to coming to the Senate, I think it must be made crystal clear to both labor and management that they have a primary obligation to settle any dispute which creates a national emergency.

I imagine there will be some political partisans who will seek to criticize the senior Senator from Oregon for the position he is taking in this matter. However, I wish to say to the economic partisans that with regard to a lockout or a strike, whenever there is a case in which the facts show that the national welfare is being threatened and an irreparable damage is being done by a national emergency dispute, it becomes the duty of all of the parties, private and public, and the clear responsibility of the Congress and the President to see to it that all possible steps are taken toward a fair resolution of the issues in dispute.

The issue is just as simple as that. We can have reams and reams of discussion on this subject matter, but no language can hide the salient point. I repeat it. I say to labor and to management, "Give me a set of facts which show clearly that a strike or lockout long continued on the basis of those facts threatens the welfare of this country as encompassed in our meaning of a national emergency dispute, then the senior Senator from Oregon takes the position that the interests of labor and management alike must be adjusted in the public interest as a whole."

We cannot maintain government by law if we do not support that principle.

I know the delicate issue I am talking about. I have gone through this experience before. There will be those who will say that the senior Senator from Oregon seeks to take away from labor a precious right, namely, the freedom to strike. Not at all. If the exercise of economic action on the part of labor through a strike or the exercise of economic action on the part of the employer through a lockout endangers the welfare of this country to the degree that it can be said an irreparable damage is being done to the public welfare, in such a dispute I have always taken the position as an arbitrator and as a member of the War Labor Board and as a Member of the Senate, that only one conclusion, in my judgment, can properly be reached, and that is that the economic partisans must subordinate their economic interests to the welfare of the Nation as a whole.

No one has ever fought harder than I have fought to protect the right of labor to strike. Nor has anyone been more hesitant to use the full and drastic remedies of plant seizure as a solution to these problems of national emergency disputes.

Of course, in every case, we always have the threshhold question of whether or not the operative facts of a given dispute constitute a national emergency threatening the welfare of the country.

During the war I was the compliance and enforcement officer of the War Labor Board as well as a public member of the Board. I have said it before, but I emphasize it again, that we never seized a plant during the war in relation to which President Roosevelt did not reluctantly sign the seizure papers and then only after he became satisfied, on the basis of the representation of the Board, that there was no other course of action that he could follow in the interest of protecting the public welfare and aiding the successful prosecution of the war.

My bill includes a choice of seizure on the part of the President if the facts warrant it in any given case. The senior Senator from Oregon is talking about token seizure, such as occurred during the war when the railroads and shipyards were seized. In such instances the American flag went up over the plants but management was asked to remain behind its desk and continue to operate the business under the American flag for the Federal Government.

There comes a time in a major dispute when there is no other course of action for a government to follow if it is to protect the public interest and maintain a system of government by law and public order.

But no one has recognized more keenly the need for some reasonable procedure to absorb the shock of these disastrous deadlocks in collective bargaining which shake the structure of the economy.

We cannot continue to move from emergency to emergency, relying upon unworkable procedures acceptable to none of us.

We no longer can afford to shirk our responsibility as a Congress to begin our long overdue overhaul of these systems.

Respect for the rights of labor, of management and of the public requires that we begin our work now in the face of this new emergency to develop this much needed legislation.

I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3442

A bill to amend title II of the Labor Management Relations Act, 1947, with respect to the settlement of labor disputes resulting in national emergencies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title II of the Labor Management Relations Act, 1947, is amended by striking out sections 206 to 210, inclusive, and inserting in lieu thereof the following:

"NATIONAL EMERGENCIES

"SEC. 206. (a) Whenever the President is of the opinion that a national emergency is threatened or exists because a stoppage of work or operations has resulted or threatens to result from a labor dispute (including the expiration of a collective-bargaining agreement) in a vital industry or plant which seriously affects the national health, safety, or security, and the Director of the Federal Mediation and Conciliation Service in the case of a dispute which is subject to the provisions of section 203 of this Act, or the National Mediation Board in the case of a dispute which is subject to the Railway Labor Act, advises the President that the parties to the dispute have failed to estab-

lish effective procedures for the settlement of the dispute or that procedures so established have been ineffective in resolving the dispute, and that all possibilities of mediation and conciliation have been exhausted without success, the President shall issue a proclamation appointing an emergency board to determine the facts concerning the dispute, and, if the President so directs, to make recommendations for the settlement of the issue or issues in dispute, and calling upon the parties to the dispute to refrain from a stoppage of work or operations, or, if such stoppage has occurred, to resume work and operations in the public interest.

"(b) Upon the issuance of a proclamation under subsection (a)—

"(1) It shall be the duty of any labor organization of which any employees who have been employed in the industry or plant referred to in subsection (a) are members, and of the officers of such labor organization, to seek in good faith to induce such employees to refrain from engaging in or continuing any strike, slowdown or other concerted refusal to work or stoppage of work, and

"(2) It shall be the duty of any employer of such employees to refrain from engaging in or continuing any lockout, and of the officers of such employer and of any individuals or organization representing such employer in labor relations to seek in good faith to induce such employer from engaging in or continuing any lockout.

until the dispute has been settled and the period specified in any order issued under section 209(a), or the period of possession by the United States under section 210(c), as the case may be, shall have expired.

"SEC. 207. (a) An emergency board appointed under this section shall be composed of a chairman and such other members as the President shall determine. Members of an emergency board shall receive compensation at the rate of $75 for each day actually spent by them in the work of the board, together with necessary travel and subsistence expenses. The Director of the Federal Mediation and Conciliation Service (or the National Mediation Board, in the case of a dispute subject to the provisions of the Railway Labor Act) shall provide for the board such stenographic, clerical, and other assistance and such facilities and services as may be necessary for the discharge of its functions. When a board appointed under this section has been dissolved, its records shall be transferred to the Director of the Federal Mediation and Conciliation Service or the National Mediation Board, as the case may be.

"(b) An emergency board shall have power to sit and act at any place within the United States and to conduct such hearings as it may deem necessary or proper to ascertain the facts with respect to the causes and circumstances of the dispute or otherwise to carry out its duties under sections 208 and 209. For the purpose of any hearing or inquiry conducted by any such board, the provisions of sections 9 and 10 (relating to the attendance of witnesses and the production of books, papers, and documents) of the Federal Trade Commission Act of September 16, 1914, as amended (15 U.S.C. 45, 50), are hereby made applicable to the powers and duties of such board.

"(c) A separate emergency board shall be appointed for each dispute. No member of an emergency board shall be pecuniarily or otherwise interested in any organization of employees or in any employer involved in the dispute.

"SEC. 208. (a) An emergency board appointed under section 206 shall promptly hold hearings at which the parties to the dispute shall have an opportunity to be present, both personally and by counsel, and to present such oral and documentary evidence as the emergency board shall deem relevant to the issue or issues in controversy. Within thirty days following the date of its appointment, the emergency board shall submit a report to the President containing written findings of fact based on the evidence submitted on the record in such hearings, and, if so directed, including recommendations for the settlement of the issue or issues in dispute.

"(b) At any time within thirty days following the filing by the emergency board of its report, the President may transmit to the Congress a complete report with respect to the dispute together with a proposal—

"(1) to reconvene the board with directions to resolve the issue or issues in dispute and to issue an appropriate order with respect thereto, or

"(2) To operate, through existing management where possible, and with this purpose, to take possession of the business enterprise or enterprises involved in the dispute.

The President is authorized to carry out any proposal submitted to the Congress under this subsection but only if, within ten days following such submission neither House of Congress shall have adopted a resolution stating in effect that such House disapproves the proposal. If the Congress or either House thereof shall have adjourned sine die or for a period longer than three days the President shall convene the Congress or such House forthwith for the purpose of considering such proposal.

"SEC. 209. (a) In any case in which the President reconvenes an emergency board for the purpose of adjudicating the issue or issues in dispute and a valid contract is in effect defining the rights, duties, and liabilities of the parties with respect to any matter in dispute, the emergency board shall have power only to determine the proper interpretation and application of the contract provisions which are involved. Where wage rates and other conditions of employment under a proposed new or proposed amended contract are in dispute, the emergency board shall establish rates of pay and conditions of employment which are fair and equitable to the parties. The emergency board shall issue an order resolving the issue or issues in dispute within thirty days following the direction of the President reconvening it. No order of the emergency board relating to wages or rates of pay shall be retroactive to a date before the date of the termination of any contract which may have existed between the parties. For the purpose of its order, an emergency board shall consider only, and be bound only, by the evidence submitted on the record. Unless, prior to the expiration of ten days following promulgation of the order of an emergency board, the parties shall have agreed to a settlement of the issue or issues in dispute, the order of an emergency board shall become binding upon and shall control the relationship between the parties for such period, not to exceed one year from such date, as may be specified in the order of the emergency board.

"(b) The district courts of the United States shall have power, upon petition of the Attorney General (but not otherwise), to issue injunctions, restraining orders, and other appropriate process, to compel compliance with the provisions of any order of an emergency board issued under this section, or to enjoin violations or threatened violations thereof. In granting such relief, the jurisdiction of courts sitting in equity shall not be limited by the Act entitled 'An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes', approved March 23, 1932 (29 U.S.C. 101–115).

"SEC. 210. (a) In the event that the Government takes possession of and operates any business enterprise or enterprises involved in a dispute, the President shall designate the agency or department of Government which shall take possession of the business enterprise or enterprises including the properties thereof involved in the dispute and all other assets of the enterprise or enterprises necessary to such continued operation thereof as will protect the national health, safety, and security. In any such case, the operation of such enterprise or enterprises shall be carried out to the fullest extent practicable through the existing management thereof.

"(b) During the period in which possession of any enterprise has been taken by the United States under this section, the employer or employers or their duly designated representatives and the representatives of the employees in such enterprise shall be obligated to continue collective bargaining in a good faith effort to settle the issues in the dispute between them. During the period in which the United States shall have taken possession of any business enterprise or enterprises, the Federal Mediation and Conciliation Service or the National Mediation Board, as the case may be, shall continue to encourage the settlement of the dispute by the parties concerned, and the agency or department of the United States designated to operate such enterprise or enterprises shall have no authority to enter into negotiations with the employer or with the labor organization for a collective-bargaining contract or to alter the wages, hours, or the conditions of employment existing in such industry or plant prior to the dispute, except as may be consistent with the recommendations of the emergency board or as may be authorized by the President.

"(c) Any enterprise or properties of which possession has been taken under this section shall be returned to the owners thereof as soon as (1) such owners have reached an agreement with the representatives of the employees in such enterprise settling the issues in dispute between them, or (2) the President finds that the continued possession and operation of such enterprise by the United States is no longer necessary: *Provided*, That possession by the United States shall be terminated not later than ninety days after the issuance of an order under section 208(b)(2) unless the period of possession is extended by Act of Congress.

"(d) Beginning not later than thirty days after issuance of an order taking possession of a business enterprise, the United States shall impound and hold all income received from the operation thereof in trust for the payment of general operating expenses, just compensation to the owners as hereinafter provided in this subsection, and reimbursement to the United States for expenses incurred by the United States in the operation of the enterprise. Any income remaining shall be covered into the Treasury of the United States as miscellaneous receipts. In determining just compensation to the owners of the enterprise, due consideration shall be given to the fact that the United States took or continued possession of such enterprise when its operation had been interrupted by a stoppage of work or operations or that a stoppage of work or operations was imminent; to the fact that the United States would have returned such enterprise to its owners at any time when an agreement was reached settling the issues involved in such stoppage of work or operations; and to the value the use of such enterprise would have had to its owners in the light of the labor dispute prevailing, had they remained in possession during the period of Government operation: *Provided*, That any increase in wages or other compensation or any increase resulting from a change in the method of computing wages or other compensation

which is agreed to retroactively for the period of Government operation or any portion of that period shall be deemed costs or expenses for such period.

"(e)(1) The President may appoint a compensation board to determine the amount to be paid as just compensation under this section to the owner of any enterprise of which possession is taken. For the purpose of any hearing or inquiry conducted by any such board the provisions relating to the conduct of hearings or inquiries by emergency boards as provided in section 207 are hereby made applicable to any such hearing or inquiry. The members of compensation boards shall be appointed and compensated in accordance with the provisions of section 207.

"(2) Upon appointing such compensation board the President shall make provision as may be necessary for stenographic, clerical, and other assistance and such facilities, services, and supplies as may be necessary to enable the compensation board to perform its functions.

"(3) The award of the compensation board shall be final and binding, unless within thirty days after the issuance of said award, a party moves to have the said award set aside or modified in the United States Court of Claims in accordance with the rules of said court.

"SEC. 211. Upon the issuance of a proclamation under section 206 with respect to any stoppage of work or operations, or any time thereafter, the President may direct the Attorney General to petition any district court, having jurisdiction of the parties, to enjoin such stoppage of work or operations, and if the court finds that the President has reasonable cause to believe that a national emergency is threatened or exists because a threatened or actual stoppage of work or operations may result or has resulted from a labor dispute (including the expiration of a collective bargaining agreement) in a vital industry or plant which seriously affects the security of the Nation, it shall have jurisdiction to enjoin such stoppage of work or operations, or the continuing thereof, and to make such other orders as may be appropriate. In granting such injunction or relief, the jurisdiction of courts sitting in equity shall not be limited by the Act entitled 'An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes,' approved March 23, 1932 (29 U.S.C. 101–115). Such injunction or order shall be dissolved (1) upon settlement of the dispute, (2) thirty days after the making of the report of an emergency board in any case where the procedures referred to in section 208(b) are not invoked, (3) upon issuance of an order of an emergency board in any case in which the provisions of section 208(b)(1) are invoked, (4) upon the relinquishment by the United States of possession of the property in any case in which the provisions of section 208(b)(2) are invoked, or (5) upon adoption of either House of Congress of a resolution referred to in section 208(b).

"SEC. 212. When a dispute arising under this title has been finally settled, the President shall submit to the Congress a full and comprehensive report of all the proceedings, together with such recommendations as he may see fit to make."

SEC. 2. (a) Section 10 of the Railway Labor Act, as amended, is repealed.

(b) Sections 211 and 212 of the Labor Management Relations Act, 1947, are renumbered as 213 and 214, respectively, and such renumbered section 214 is amended to read as follows:

"SEC. 214. The provisions of sections 201 through 205 of this title shall not be applicable with respect to any matter which is subject to the provisions of the Railway Labor Act, as amended from time to time."

SEC. 3. This Act shall become effective upon its enactment.

Mr. MORSE. Mr. President, I have a few more remarks to make, with the indulgence of the Senator from Louisiana.

I have withheld introducing the bill until this hour because I did not want the introduction of my bill to be used by anyone as a possible excuse in connection with a position he might take in the airline case. I introduce it now because the press reports are clear that the strike has been started. How extensive the strike will become, only time can tell. However, I read an AP dispatch which has just come over the wires:

WASHINGTON.—A strike started and stopped on Trans World Airlines today as the Government submitted a new proposal aimed at settling a long controversy over jet plane cockpit jobs.

Secretary of Labor Arthur J. Goldberg gave the proposal to TWA management and the Flight Engineers International Association at exactly the time (2 p.m. e.d.t.) the engineers had set to strike TWA's far-flung transcontinental and oversea operations.

The offer came too late to stop some picketing at New York's Idlewild Airport and at TWA terminals at Kansas City and San Francisco. The pickets withdrew gradually, after 2 hours of parading at Idlewild. Some few flights were delayed.

At Chicago, one engineer left a Boston-Los Angeles flight just before the strike postponement. The plane was delayed for 45 minutes before the engineer was located and returned to his job.

The union pledged to Goldberg to withhold the strike temporarily pending consideration of the Government settlement plan. Its terms were not made public immediately, but it was believed to contain new job and union security pledges for the engineers.

The small but strategic engineers union, with fewer than 2,000 members, has been feuding with the Air Line Pilots Association, with some 14,000 members, for several years for job rights aboard jet airliners. Both unions are affiliated with the AFL–CIO.

Government boards recommended a cut in present four-man crews, consisting of three pilots and an engineer, to three-man crews, with two pilots and a combined pilot-engineer. This involved proposals that pilots train as engineers and engineers train as pilots.

The argument has been over which union's members would bear the job-loss brunt. The engineers were reported ready to abandon a demand that the third man on the reduced crews continue to be a licensed mechanic. In exchange, the engineers were said to be insisting on greater job priority over pilots for the third-position posts.

The engineers also were fighting to preserve their union as a labor organization, fearing that pilot training might lump them into the pilots union. The Government was reported ready, as President Kennedy has indicated, to guarantee the engineers their separate union bargaining status for the time being.

A later dispatch, timed 5:46 p.m., reads:

At 5:30 p.m. e.d.t., Labor Secretary Goldberg told waiting newsmen he still had not received a reply from either TWA or the flight engineers on the settlement proposals.

He said both sides had asked questions about the recommendations and received explanations.

We are still awaiting replies, he said.

Mr. President, I have waited until this hour to introduce the bill, because I had been hopeful that the dispute would be settled by today. However, I believe the American people are entitled to have the bill introduced and hearings started on it, because it would be applicable not only to this dispute, if and when the bill is passed, but also to any disputes which might develop into a national emergency dispute.

I wish to make this comment concerning the procedure provided by the bill. I have already indicated that it provides for token seizure if the President, in his judgment, believes that such Government intervention is necessary. It provides for an injunction if the President, in his judgment, decides that such action is necessary. It provides for conciliation, and for arbitration if the President, in his judgment, decides that this procedure should be followed. But either the arbitration or takeover procedures, if proposed by the President, is subject to a veto by either House of Congress within 10 days after the proposal has been made. So there is a check upon the President. The bill places the responsibility clearly upon Congress as well as upon the President to see to it that there is carried out what I have heretofore described as the paramount obligation of the Government of this country to make certain that the public interest is protected in case of a national emergency dispute.

The terms of the settlement directed by the emergency board under the bill would remain effective for a period of time specified in the order of the board not to exceed 1 year. It could be less depending upon changes during the year through negotiations between the parties.

Some may say, as they have said in the past when a procedure of this kind has been suggested, that the bill provides for compulsory arbitration but, it really provides for maximum voluntarism. Provides for all the voluntary steps now provided for under Taft-Hartley and the Railway Labor Act, with some modifications in the bill concerning elapsed-time periods. It reduces the time period in some cases, but it keeps the door of voluntarism open continuously until either or both parties follow a course of action in which it will be necessary to reach an affirmative answer to the question of fact: Does the course of conduct of the parties involved in the dispute now so acutely jeopardize the national welfare that the ultimate steps in the bill must be taken?

Quite frankly, I say to labor and to management: "Give me that set of facts, and you lose, in my judgment, any right to place the economic interests of the partisans in the dispute above the welfare of the Nation as a whole. We will still keep the door of voluntarism open, but we will have to say to you, in the national interest, that for a limited period of time you, as law-abiding citizens, will have to conform to a resolution of the issues in dispute, offered in the public interest on the merits, by order of an impartial Presidentially appointed board. You can negotiate on a voluntary basis during the period of time the decree or settlement is in operation; but

you must face up to the fact that the Government will not be stopped by a label in protecting the public interest."

Let me make it perfectly clear to labor and management that now, as in the past, I will not be prevented from protecting the public interest by any scarecrow argument labeled "compulsory arbitration." Labor and management can make the negotiations just as compulsory as their walkout on voluntarism dictates.

I have kept the bill in my own name, not because I would not welcome cosponsors but because of the heat of the issues, I do not propose to involve other Senators.

If compulsory resolution of the issues under the limited procedures of the bill is warranted, and the President decides the question should be so resolved, it will be made so only by an adamant, uncooperative attitude on the part of the parties to the dispute.

It may be said that the senior Senator from Oregon seeks to return labor to government by injunction. I do not have to defend my record in the field of labor relations in opposition to government by injunction. I yield to no one in my support of the principles of the Norris-LaGuardia Act. But sometimes it has been necessary to use injunctions to protect the public interest in national emergency disputes, both in time of war and in time of peace. Again I say to labor and management that if there is a finding of fact that the national welfare is jeopardized by an economic course of action on the part of any economic group in this country, be it a union or a management, then the public welfare must come first, and for a limited period of time, while a period of negotiation and relaxation passes—and I emphasize "relaxation" because it is very important in the whole field of labor controversies—the government, under a system of government by law, has a duty to use the procedures available to it to insure that we can avoid irreparable damage.

It will be cried by some who will seek to distort the bill that the Senator from Oregon proposes that the Government take over industry. They will ask, "What will happen to the private enterprise system if Congress vests in the Government the power to seize industry?" But, there is nothing new in the seizure proposal. It has been found necessary from time to time, in order to protect the public interest, to engage in token seizures. I suggest to those who ask such questions that they read the Morse bill. The bill makes it perfectly clear that the seizures are to be token seizures. It makes clear that the flag is raised above the industry struck. The bill makes it clear that for a period of 90 days or longer if Congress so directs, the workers will in fact be working for the flag, not for management per se, during which time the parties are enjoined to return to the principles of voluntarism which characterize our system of collective bargaining, mediation, conciliation, and voluntary arbitration.

In my judgment, I would be untrue to my trust, likewise I would be walking out on my knowledge and experience in the field of labor relations, if I were not willing at this hour to make this proposal. I make it in the best interests of labor and management. In my judgment, I make it in the best interests of the welfare of my country, because, considering the difficult times ahead, I think the time is long overdue for us to put on the statute books an emergency dispute law which we know will work. If we do so, we will not be confronted, as we have been confronted time and time again, since 1947, when Congress passed the Taft-Hartley law, with an inadequate national emergency dispute statute; we will not be confronted with a dispute in which we discover, after the periods of time provided for in the Taft-Hartley emergency disputes section or under the Railroad Labor Act of 1926, that we have no effective procedures left.

The President of the United States is living in that hour tonight.

The fact is that at this hour we do not have on the statute books any procedure under law which would be applicable to the flight engineers' case if they carry out strike plans and the effect of the strike is bound to endanger the economy and the welfare of this country. I believe we owe it to the President and to the people of the United States to proceed impartially and impersonally to enact legislation that will meet the need.

I introduce the bill in that spirit; and I wish to say that the dispute of the flight engineers only happened to be the issue which made clear to me that the time had come for me once again to take the floor of the Senate to urge the Congress to enact an effective emergency-dispute bill.

As I close, I repeat that I am not wedded to the bill. I welcome improvements of the bill; and I welcome suggestions by labor and by management, if they are constructive and if the purpose is to seek to improve the bill.

I also wish to say to labor and to management that I shall oppose any attempt by the spokesmen for either side to scuttle the objectives of the bill, for the objectives of the bill are called for under a system of government by law.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3443) to amend title II of the Labor Management Relations Act, 1947, with respect to the settlement of labor disputes resulting in national emergencies, introduced by Mr. MORSE, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

REVISION OF FORMULA FOR APPORTIONING CASH ASSISTANCE FUNDS UNDER NATIONAL SCHOOL LUNCH ACT—STATEMENT BY SENATOR MORSE

Mr. MORSE. Mr. President, this morning the Senate Committee on Agriculture and Forestry, in open hearings, gave consideration to H.R. 11665 and S. 2442, bills to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. Because of the great interest in this legislation of Oregonians, particularly those who are concerned with administering this popular school lunch program, I presented to the committee a statement in support of the legislation.

Under the recommendations of the Department of Agriculture, if they are adopted through enactment of this legislation, Oregon's share from the cash assistance funds, which are currently $98.6 million, would rise from $893,000 to $916,000 in the first year of the transitional period.

Of course, together with many other Senators, I very much hope that the appropriated amounts for the national cash assistance fund can be materially increased in the years ahead.

Mr. President, I ask unanimous consent that my brief statement for the committee be printed at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE ON H.R. 11665 AND S. 2442, BILLS TO REVISE THE FORMULA FOR APPORTIONING CASH ASSISTANCE FUNDS AMONG THE STATES UNDER THE NATIONAL SCHOOL LUNCH ACT, PRESENTED TO THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. Chairman and members of the committee, I come before you to urge that favorable consideration be given H.R. 11665 and S. 2442. I have received word from school authorities all over my State, including the Ashland Public Schools, the Portland Public Schools, the Parkrose Public Schools, the Bandon Public Schools, my own hometown of Eugene, Oreg., the Milton-Freewater Public School System, the Redmond (Oreg.) Public School System and the Crook County School District, all of which support the funds reallocation provided for in the legislation.

Nor has this support from my State been confined to public school officials. Many citizens from all parts of my State, as individuals and as members of farm organizations have likewise strongly urged passage of this legislation.

Senator Dwight Hopkins of the Oregon State Legislature from Imbler, Oreg., for example, has urged that favorable consideration be given to this important change in our school lunch program.

No opposition to the bills had been received by my office. In view of this unanimity of support, it is my hope that the committee will report a measure favorably.

USE OF ELECTRICITY IN MAINTENANCE OF ASTORIA, OREG., RESERVE FLEET

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the CONGRESSIONAL RECORD an article from the June issue of the Northwest Ruralite. It describes the important part electricity plays in the maintenance of the Astoria Reserve Fleet near Astoria, Oreg.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AT READY—WEST OREGON ELECTRIC HELPS KEEP ONE OF UNCLE SAM'S NONCOMBAT RESERVE FLEETS PREPARED FOR EMERGENCIES

Some 165 merchant vessels and naval auxiliaries lie quietly at anchor in Cathlamet Bay on the Columbia River, 3 miles east of Astoria, Oreg.

This is the Astoria Reserve Fleet, one of seven strategically located noncombatant ship pools held in readiness by the U.S. Department of Commerce Maritime Administration. These are the vessels available on short notice to carry the boys, the bullets, the bacon if our Nation's safety should require.

West Oregon Electric Cooperative of Vernonia, Oreg., provides electric service to the Astoria Reserve Fleet basin. And electric power is an important factor in maintaining these big ships in good order. In past emergencies, Uncle Sam has paid heavily in lack of preparation for the grim business of war and defense, including cargo bottoms to haul men and material. But after World War II a policy of readiness was adopted for the merchant fleet, and in 1946, the first vessels of the Astoria Reserve dropped anchor in the Columbia.

Actually, the fleet is not static. As E. T. Joste of the Portland office of the Maritime Administration expresses it, "The Reserve Fleet is like a grain terminal, which receives raw grain and sorts it out for bread flour and stock feed and all the other uses. The Reserve Fleet receives ships and sorts them out for scrap, for preservation, for reconditioning—it's sort of a sifting-down process."

Under an exchange program, private companies can turn in old vessels to the fleet and receive credit on the construction of new ships at private shipyards. The Reserve Fleet even has "thirdhand" ships traded in on "secondhand" models, said Mr. Joste.

And one of the most interesting—and practical—uses of those big boats riding quietly on the Columbia is for grain storage. The even temperature of the water provides for better storage than a conventional grain silo we were told—28 of the ships had wheat in their holds, from the Government wheat program, the day of Ruralite's visit, with 7 others waiting. At the height of the program in 1955, 110 of these ships served as floating grain bins.

"The Maritime Administration Reserve Fleet is not a graveyard fleet," explains a mimeographed leaflet given visitors at the Administration office. "Far from it. The ships you see here have been decommissioned and preserved but not neglected. Most of the ships you see here were built at a cost of between $1½ to $10 million each. They are being maintained at an annual cost of only $1,900 each and are scrapped when they become obsolete in purpose."

When a ship is nosed into line at the fleet basin for reconditioning, it gets a thorough going over. Rust is knocked off with a high-pressure water jet blast. A special nondrying grey-pigment preservative paint is applied. The original red oxide paint was abandoned because too many visitors thought it was rust. The ship's mechanism is conditioned for its standby status, but the machinery is turned over on a regular schedule to avoid its setting from lack of use.

There is little problem of marine growth to worry about, but below-water hulls are protected from ordinary electrolytic action by what fleet technicians call cathodic-electric treatment. Electric current passes through large carbon anodes suspended under each vessel, to counteract the rusting or decomposing action which would ordinarily pit the ship below waterline.

Already the Maritime Administration's standby Navy has been called upon to rush to the breach. "During the Korean war," Mr. Joste told Ruralite, "the 8 fleets then in reserve furnished 560 ships on short notice. The Astoria Fleet provided its share of these. To my memory, these fleets, located on all three seaboards, have answered the call to six different national emergencies since the end of World War II."

In fact, the motto of the Astoria Reserve Fleet and its six sister standby flotillas might well be just that—"Stand by for emergencies."

ADDITIONAL BILL INTRODUCED

Mr. MORSE, by unanimous consent, introduced a bill (S. 3442) to amend title II of the Labor Management Relations Act, 1947, with respect to the settlement of labor disputes resulting in national emergencies, which was read twice by its title, and referred to the Committee on Labor and Public Welfare.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

ADJOURNMENT

Mr. LONG of Louisiana. Mr. President, if no other Senator wishes to speak, I move that, under the previous order, the Senate adjourn until tomorrow.

The motion was agreed to; and (at 7 o'clock and 18 minutes p.m.), under the previous order, the Senate adjourned until tomorrow, Wednesday, June 20, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 19, 1962:

FEDERAL POWER COMMISSION

Harold C. Woodward, of Illinois, to be a member of the Federal Power Commission for the term of 5 years expiring June 22, 1967. (Reappointment.)

COAST AND GEODETIC SURVEY

Subject to qualifications provided by law, the following for permanent appointment to the grade indicated in the Coast and Geodetic Survey:

To be ensigns

Ned Colden Austin
Richard James DeRycke

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the Coast and Geodetic Survey:

To be lieutenant (junior grade)

Daniel F. Leary

To be ensigns

Stephen Z. Bezuk	Kenneth B. Young
David G. Hickerson	Richard P. Williamson
Gerald W. Hohmann	Allan Jenks
Richard H. Albritton	Alfred W. Cecil
Frank H. Branca	James J. Lium
Richard A. Rader	Bruce L. McCartney
Stanley J. Ruden	Larry L. Lewis
William L. Newton III	James F. Reeve
Edward R. Dohrman	Michael J.
Christopher E. Krusa	Pazuchanics

PUBLIC HEALTH SERVICE

The following candidates for personnel action in the regular corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

To be senior assistant surgeons

James Christensen	Fritz R. Dixon
Robert E. Anderson	Theodor S. Kaufman
William L. Kissick	Theodor Kolobow
Bernard L. Albert	John L. Buckingham

To be assistant surgeon

Richard E. Mansfield

EXTENSIONS OF REMARKS

Needed: Greater Consumption of Dairy Foods

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES

Tuesday, June 19, 1962

Mr. WILEY. Mr. President, currently, the Nation is observing its 26th annual June Dairy Month.

The purpose is to increase the consumption of nutritional health-giving dairy food.

This, I believe, is necessary, not only for the economic health of the dairy industry—a vitally important segment of agriculture—but also for the health of the American people.

In a weekend address over Wisconsin radio stations, I was privileged to outline some suggestions for increasing consumption of dairy foods.

I ask unanimous consent to have excerpts of the address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

This marks the 26th anniversary of nationwide efforts during June Dairy Month to salute—and improve the economic outlook for—the dairy industry.

Throughout the ages, milk has been a symbol of the good life. In the book of Exodus, for example, there is reference to Moses' role in leading the people to a "land flowing with milk and honey."

Today, farming is the biggest business in the United States. If all milk produced within the continental United States were gathered together, it would make a river 40 feet wide, 3 feet deep and 3,500 miles long.

Agriculture—and related industries called agri-business—provide jobs for more than one-third of all the workers in the country, including 6 million workers on farms; 7 million producing for, or serving, farmers, and 11 million processing or distributing farm products.

The farmer, too, is a significant consumer of other products, buying: 5 percent of all U.S. electricity; 9 percent of the rubber; 10 percent of the steel; 13 percent of the petroleum; and using more tractors and trucks than any other industry.

Wisconsin—as the No. 1 milk-producing State in the Nation—with an output of about 18 billion pounds annually, has a special interest in telling the dairy story.

Why? To find consumers and to create markets for our milk, cheese, butter, ice cream, and other high-quality dairy foods at home, and elsewhere in the world.

According to a consumers' survey, milk and milk products provide 28 percent of our food nutrients for only 19 percent of each food dollar. From dairy foods, the American family obtains 23 to 26 percent of their cal-